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TODAY: MONEY Hong Kong, Page 15

THE SURVEILLANCE BUREAU OF JORDAN DIVISION

With Rebels at Gate, Mobutu Flees Kinshasa

The Skilled Survivor Finally Bows to Fate

Jack Dabaghian/Reuters

Marshal Mobutu Sese Seko: For 32 years Zaire's ruler had been the very model of an African autocrat.

By Howard W. French
New York Times Service

KINSHASA, Zaire — When Zaire's president, Mobutu Sese Seko flew off to his northern hometown Friday morning, his departure from a capital under siege was described by officials not as a resignation but a simple retreat from the affairs of state.

In reality, however, with rebels about to capture Kinshasa, his army deserting him and his body ravaged by cancer, Marshal Mobutu's flight to Gbadolite represented the first surrender in a remarkable life of power.

Over nearly four decades at the center of his country's political stage, Marshal Mobutu was nothing if not an extraordinary survivor. His discreet departure from the capital, slipping to the airport by an alternate route, spoke volumes of Marshal Mobutu's inability to publicly acknowledge his fate. But when his top generals confronted him with the word late Thursday that they could no longer fight his war, or even protect him any longer, the bottom line was that Marshal Mobutu for the first time in his political life cut and ran.

Marshal Mobutu has been called one of the world's wealthiest heads of state, a brutal dictator, an inveterate meddler in the affairs of neighbors and a colossal egomaniac. His style, at once bold and vainglorious, was for an entire generation the very model of an African autocrat.

Resplendent in his trademark leopard-skin cap, Marshal Mobutu presided over a reign marked by canny courtship of Western support, destabilization of his neighbors, systematized corruption and grandiose economic schemes that have left Zaire teetering on the brink of economic collapse.

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Remy de la Mauviniere/The Associated Press

Laurent Kabila: He has promised "popular elections" sometime after he has ruled for two years.

By Howard W. French
New York Times Service

KINSHASA, Zaire — Bringing an end to nearly 32 years of rule, President Mobutu Sese Seko quietly slipped out of this besieged city Friday morning aboard a flight to his northern hometown, Gbadolite, which diplomats described as a brief stopover en route to permanent exile.

By early evening, there were unconfirmed reports here that Marshal Mobutu had already left Gbadolite, presumably for Morocco, where the president maintains one of many luxurious palaces. Moroccan officials acknowledged Friday that Marshal Mobutu had been given landing rights in that country, but would not confirm whether Marshal Mobutu was on his way there.

Marshal Mobutu's departure came as rebels who have fought a stunningly successful seven-month war against the government drew within eight kilometers of Kinshasa's international airport, and readied themselves to take control of the capital.

Marshal Mobutu delivered no message to a nation he has thoroughly dominated since independence from Belgium in 1960. And here in Kinshasa, which has lived on edge for days now, the first word that this city heard of the news came in a midafternoon declaration from the government Marshal Mobutu left behind. It was carried by foreign radio stations here.

Reading the government statement to a hastily gathered assembly of journalists, the information minister, Kin Kiey Mulumba, said that Marshal Mobutu acknowledged that negotiations with the rebels had failed and said that as a consequence the president had definitively "ceased to intervene in the conduct of the affairs of state."

Mr. Mulumba said that Marshal Mobutu had not formally resigned from office, however, and could not directly hand over power to the rebel leader, Laurent Kabila, because the country's laws forbade such a transition.

And given the advanced prostate cancer that has visibly

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Asians Question Building Boom

Fallout From Glut Threatens To Hurt Prospects for Growth

By Michael Richardson
International Herald Tribune

SINGAPORE — For more than a decade in the major cities of Southeast Asia, crater-sized building sites, giant cranes and the emerging steel and concrete frameworks of multistory buildings have been seen as signs of robust economic health.

Today, as regional currencies and stock markets reel from speculative trading attacks and falling investor confidence, there are gnawing fears among officials and bankers that the construction boom may turn into a bust that will undermine growth.

Thailand's slowing economy and the pressure for higher interest rates as it battles to control a mountain of unsold properties and bad loans are the most obvious example of what could happen elsewhere in Southeast Asia if recently introduced official constraints on real-estate speculation fail to work, analysts say.

A recent study by the merchant bank Deutsche Morgan Grenfell found that there had been overbuilding in the Philippines, Malaysia, Indonesia and Singapore as well as in Thailand.

While property-loan growth has receded sharply in Thailand to under 10 percent in 1996, the bank said that it was running at about 22 percent in Singapore, nearly 30 percent in Malaysia and 36 percent in Indonesia.

Although banks in the Philippines reported that only 9 percent of their loans last year were for property, analysts said the figure had been underreported and was likely to be much higher.

Such concerns contributed to recent sharp falls in share prices in the Philippines, where property and bank stocks comprise a substantial segment of the market, as they do in other Southeast Asian countries.

"When too many resources go into the property sector relative to the other productive sectors of the economy and fuel a bubble, the danger of a collapse increases, and the repercussions are severe," Deutsche Morgan Grenfell said. "The recent tightening by central banks across Southeast Asia is fully justified but probably too late."

In Malaysia, the Philippines and Indonesia, regulators issued guidelines designed to reduce the amount that banks lend for property development.

Following up measures to discourage property speculation introduced a year ago, including a capital-gains tax, Singapore last month further tightened controls in the area of public housing, where more than 80 percent of the population lives.

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Will Burgess/Reuters

President Jiang Zemin explaining a Tang Dynasty poem to President Jacques Chirac in Beijing on Friday as the French leader continued a visit to bolster ties with China.

No French Apology on China

Chirac Trumpets Conciliation in Approach to Beijing

By Patrick E. Tyler
New York Times Service

BEIJING — President Jacques Chirac of France said here Friday that during the years of racial repression in South Africa, he was "one of a very few politicians" who would not accept an invitation to visit that country as long as Nelson Mandela remained in jail.

But he asserted that he was willing to come to China, even though leading dissidents such as Wei Jingsheng and Wang Dan remain imprisoned, because any "confrontational" strategy to pressure China to improve its human rights record "simply doesn't work."

Speaking one day after Airbus Industrie won $1.5 billion in contracts to provide 30 new jetliners to China's fleet, Mr. Chirac was unapologetic in explaining why France, which is seeking to increase exports to China, led the way among European nations in abandoning the annual effort to condemn China's human rights

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Blair Drops British Ban On Talking to Sinn Fein

Initiative Aims to Restart Peace Process, But He Foresees No Change for Ulster

By Fred Barbash
Washington Post Service

LONDON — Prime Minister Tony Blair began a new initiative Friday to halt escalating violence in Northern Ireland, lifting the British government's ban on official contacts with the political arm of the Irish Republican Army in hopes of reviving the dying peace process in the province.

Prime Minister John Major, whose Conservative Party was defeated in the May 1 general election, had refused any official discussion with Sinn Fein, the IRA-allied political party, until the paramilitary group declared an end to violence.

Mr. Blair said his change of policy, offering a meeting Sinn Fein has demanded for months, would give his government the opportunity to "explain our position and to assess" whether the organization was "ready to give up violence and commit itself to politics alone." He said: "If they are, I will not be slow in my response. If they are not, they can expect no sympathy or understanding."

Mr. Blair balanced his gesture to those favoring an end to British rule in Northern Ireland with a strong statement that he could foresee no such outcome because the majority of people in Northern Ireland would not consent to it.

"None of us in this hall today, even the youngest, is likely to see Northern Ireland as anything but a part of the United Kingdom," he said during his first visit to the province since the election.

The initial response from Sinn Fein criticized Mr. Blair for that emphasis. But Martin McGuinness, who with Gerry Adams leads the party, did not respond directly to the offer of a meeting.

Mr. Blair's statements came as the British province's police chief warned of the dangerously "stark" situation created by several retaliatory sectarian killings over the past few weeks by both Protestant terrorists and Roman Catholic terrorists.

The province, roughly 60 percent Protestant, is that part of Ireland retained by Britain in the 1920s, when the rest of the predominantly Catholic country won its independence from the United Kingdom. Since then, a "nationalist" movement has struggled for a reunification of the island under the rule of the Republic of Ireland in Dublin.

With equal fervor, Northern Ireland's "unionists" and "loyalists" have fought for continued union with Britain.

Both sides have violent and nonviolent factions, and both have experienced nearly 30 years of terrorism and

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Across the EU, Amazement At Bonn Plan To Bend Books

By John Schmid
International Herald Tribune

FRANKFURT — Finance Minister Theo Waigel, undaunted by critics who accuse him of engaging in the sort of budgetary sleight-of-hand that he has long scorned, said Friday that a revaluation of German gold and foreign-currency reserves would help the nation meet both of the most critical budget criteria for a European monetary union.

The minister's confident pronouncement startled many economists because it contradicted the conventional interpretation of the European Union's criteria for countries wishing to join the single currency at its introduction in 1999.

If Mr. Waigel's unconventional interpretation is correct, however, it would breathe new life into the stumbling process of European integration.

His statement also surprised European financiers and politicians, as it seemed to mean that Germany had in effect surrendered its moral authority to chide other EU nations for bending their accounts to meet the criteria. In particular, they said, the plan weakened Germany's case for excluding Italy from the first round of currency participants.

Mr. Waigel's harshly criticized plan to revalue Germany's vast gold and foreign-currency reserves would shrink German deficits, at least for EU statistical purposes. The proposed revaluation would increase the relatively low book value of the reserves and bring them into line with prices they would fetch in world markets.

Arithmetically, that could generate a one-time book profit large enough to shrink Germany's deficit this year well below the maximum of 3 percent of gross domestic product, Bonn sources said. They added that if the plan cleared

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Polluted Valley Thirsts to Refill a Lake Diverted to Los Angeles

By William Booth
Washington Post Service

KEELER, California — When the wind begins to blow here, everything changes. The pretty valley, with skies so blue, turns to ash. It looks like dense, swirling fog. But it is not.

On the shore of the Owens Dry Lake, children are hustled indoors. Residents — hacking, noses bloody from the flying grit — hunker down behind windows sealed with tape, while researchers working on the lake bed don respirators and run for the trucks, fearful of losing the shoreline in the whiteout, as a giant toxic cloud of fine salt and sand, mixed with arsenic and cadmium, rises from the playa, the floor of the dry lake.

What is happening at Owens Dry Lake is not natural.

"There's this doomsday feeling about it," said Mike Patterson, who lives in Cerro Gordo, a ghost town above the lake. "Like something sinister."

The third-largest lake in California was drained by the city of Los Angeles, whose agents — in the most notorious water grab in the West — purchased the entire Owens Valley and its water rights at the beginning of this century, built a 223-mile (350-kilometer) aqueduct to bring the water to Los Angeles and sucked the lake dry by the 1920s.

But now a reckoning may be at hand.

There is nothing more precious in the West than water. Cities like Phoenix, Las Vegas and, most perilously, Los Angeles, exist only because they can divert water from distant sources.

Yet now, not only are the thirsty cities of the West being pitted against each other for "over-subscribed water," but they increasingly are being asked to give up water to repair old environmental wrongs: to refill parched estuaries and riverbeds, to re-create natural systems altered in the past by dams and diversions.

One of the longest-running and most bitter battles will take place here in the Owens Valley, where the Los Angeles Department of Water and Power owns almost all the land and water rights. Many residents here compare the city water man-

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Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 Riels
Egypt	E£ 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 R.
Gabon	1100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 PTAS
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1,250 JD	U.A.E.	10.00 Dirh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

The Dollar

New York	Friday @ 4 P.M.	previous close
DM	1.6931	1.6975
Pound	1.6368	1.6427
Yen	115.625	115.975
FF	5.6995	5.7185

The Dow

	Friday close	previous close
-136.21	7197.14	7333.35

S&P 500

change	Friday @ 4 P.M.	previous close
-11.99	829.89	841.88

AGENDA

Asian Central Banks Holding Their Own

Central banks appeared to have gained the upper hand in Southeast Asia's currency war Friday as speculators who had sold regional currencies aggressively found themselves deprived of short-term funds.

Dealers said there were rumors that Bank Negara, Malaysia's central bank, had followed Thailand's lead in restricting funds, but the bank later denied it had done so.

Asian currency markets were thrown into turmoil this week, with Singapore and Thailand joining forces to buy the Thai baht to rescue it from an 11-year low against the dollar.

On Friday, Singapore hailed the effort as a success. Page 9.

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AT&T

NATO Expansion: Symbol and Substance for Central Europe

By Craig R. Whitney
New York Times Service

West Europeans who support NATO's expansion to take in the new democracies of Central Europe do not see the move, primarily, as insurance against the possibility that Russia might one day emerge again as a threat to their security.

From President Jacques Chirac of France to President Vaclav Havel of the Czech Republic, most of them instead see NATO expansion primarily as a way of guaranteeing the stability of an ethnically riven and historically volatile region that spawned two world wars. For this purpose, they have also viewed Russian assent as essential.

Though expanding the alliance would certainly move back the day when Russia might ever threaten Central Europe again, to Europeans that argument seems to be — as detractors of expansion often portray it — outdated thinking from the Cold War.

Convincing the Russians that expansion would be no threat to them was the aim of the "Founding Act" that President Boris Yeltsin of Russia and the North Atlantic Treaty Organization announced this week and will sign in Paris on May 27.

Most European leaders, East or West, would have no trouble agreeing with Mr. Yeltsin and Chancellor Helmut Kohl of Germany, who agreed Thurs-

NEWS ANALYSIS

day that the deal was a "fundamental, far-reaching step toward ensuring lasting stability and security in Europe."

NATO, which never fired a shot in anger during the Cold War, is now seen as the best way of deterring another tragedy like the war in Bosnia-Herzegovina, which neither the European Union nor the United Nations could stop. NATO, once it was led reluctantly and belatedly by the United States, could, and did halt the killing, with Russian troops as part of the peacekeeping force.

Gradually, West European and U.S. leaders have come to understand that fear of this kind of disorder, more than anxiety about their eastern neighbor, is the most important reason why Central European countries like the Czech Republic, Hungary, Poland and others, like Romania and Bulgaria farther east, want so badly to join the alliance.

There is an important symbolic value, as well.

"The new democracies want to join NATO for the same reason they want to get into the European Union," a high-ranking NATO diplomat said. "Because they see admission to both these institutions as proof that they have been fully accepted as Western democracies."

People in these countries watched a security vacuum develop around Bosnia in the early 1990s and drew a lesson from that disaster.

That lesson was that joining a collective alliance whose members pledged mutually to resolve ethnic, historical or territorial disputes peacefully was the best way to avoid another Bosnia-type war elsewhere.

Motivated by the desire to join the alliance, first Hungary and Slovakia and last year Hungary and Romania resolved historic impediments to cooperation between them that were long masked during the Communist period.

The Hungarian-Romanian accord removed tensions between the two countries over the treatment of the large ethnic Hungarian minority in Romania as a potential source of friction nearly as serious as the one in Bosnia.

More recently, Romania and Ukraine, which wants to associate itself with NATO but not to join it, have resolved border disputes by treaty, NATO diplomats point out.

Skeptics may say that Greece and Turkey, both longtime NATO members, have not resolved their disputes over territory in the Aegean Sea or over ethnically divided Cyprus, and both have nearly gone to war over those differences in the past.

But, as Mr. Havel said this week, "I believe if it weren't for NATO, three wars might have been fought between Greece and Turkey in the last decade."

There are many in Western Europe who would agree with him — even the French, who under Mr. Chirac are considering whether to put their military forces back into NATO structures that de Gaulle withdrew from in 1966.

Adding Central European countries to the NATO mix will help give the alliance the more European cast that Mr. Chirac is insisting upon as a condition of reintegrating.

NATO, which will celebrate its 50th anniversary in 1999, is the most tangible political and strategic link between the United States and Europe.

Alliance Members Approve Accord

The Associated Press

BRUSSELS — The 16 member countries of NATO on Friday approved the alliance's new agreement with Russia, clearing the way for a formal signing in Paris on May 27.

The 16-page document is aimed at drawing Moscow into the overall European security picture and assuaging its fears that NATO enlargement represents a threat.

Under the agreement, known as the Founding Act on Mutual Relations, Cooperation and Security Between NATO and the Russian Federation, Moscow will be consulted — but not given a veto — on NATO plans.

While reiterating earlier statements that it has no plans and no need to station nuclear weapons on the territory of new members, the alliance retained the right to change its position if the situation changed.

Yeltsin Orders Officials to Reveal Income

The Associated Press

MOSCOW — Moving to weed out blatant government corruption, President Boris Yeltsin ordered top officials and their families Friday to declare all income and property.

"My task is to end the practice of the civil service becoming a source of enrichment," he said in a nationwide radio address.

Mr. Yeltsin said he had signed a decree requiring the disclosures by cabinet ministers, regional governors and other senior officials. They have two months to file the declarations for themselves and their families.

He pledged to start with himself and to have his declaration published soon.

"Russia deserves an honest government, and I believe we will achieve that," Mr. Yeltsin said.

Widespread graft has exacerbated a budgetary crisis arising from unpaid taxes. Wages have been delayed for millions of military personnel and workers, and the government is having difficulty providing basic services.

"Honesty today isn't merely a moral category," Mr. Yeltsin said. "It has become political. People have grown tired of slogans and promises, and they link their hopes for a better life first of all with officials' honesty."

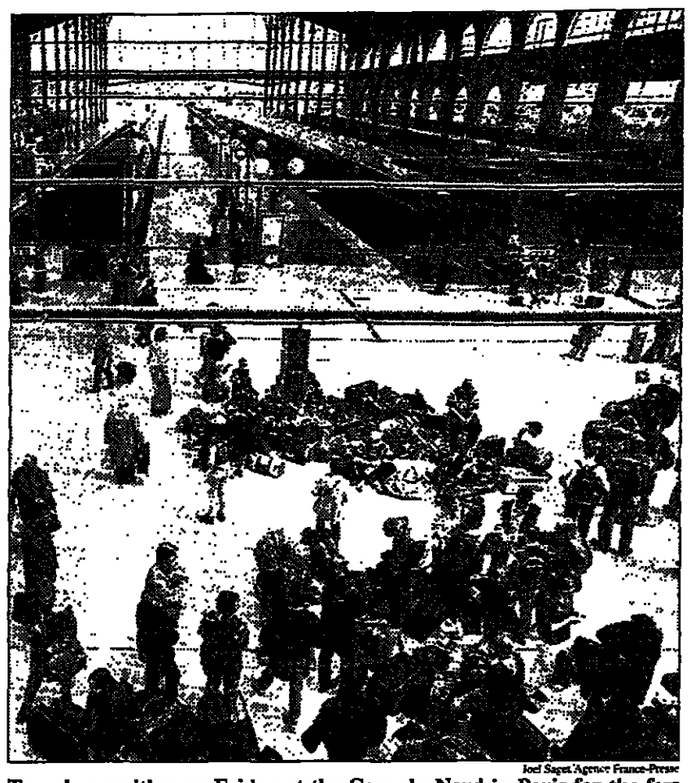
The requirement of disclosure was proposed by Boris Nemtsov, the deputy prime minister who was appointed in March to lead efforts to revamp the government and improve the economy.

Mr. Nemtsov has acknowledged that it might be difficult to obtain financial disclosures from the relatives of officials, since that requirement is not backed by law. But Mr. Yeltsin said he would obtain compliance.

"If you can't give a clear accounting of your property, if you can't complete the declaration, you better voluntarily resign," he said. "Don't defame the government. Don't lie. Give a place to the honest."

The decree "recommends" that members of the State Duma, the Communist-dominated lower house of Parliament, also declare their finances, Mr. Yeltsin said.

"I hope there will be no complaints on their part," he said.



Joel Saget/Agence France-Presse

Travelers waiting on Friday at the Gare du Nord in Paris for the few trains that were running on the third day of a strike by conductors.

Le Pen Likens EU Plan to 'Dream' of Hitler

Agence France-Presse

PARIS — Jean-Marie Le Pen has likened European integration to "the dream of Adolf Hitler."

Mr. Le Pen on Thursday accused President Jacques Chirac, who was on a trip to China, of building a Europe he compared to Hitler's "dream" come true.

He also backed the more muted approach to Europe favored by the Socialist Party, and urged his National Front supporters to switch votes to the Socialists in the final round June 1 of the vote for the 577-seat National Assembly.

Mr. Le Pen said, "With that Europe, dominated by Germany, organized in *Laender* and scorning nations, we are about to achieve the dream of Adolf Hitler." Federal Germany is divided into Laender, or states.

"It would be better to have a cohabitation" of the Socialist leader, Lionel Jospin, and Mr. Chirac "than five years of Chirac with full powers," Mr. Le Pen said.

Turkish Opposition Launches Censure Motion

Reuters

ANKARA — Opposition parties submitted a censure motion Friday against the government in a bid to topple the Islamist-led alliance, a senior opposition legislator said.

"The motion has been submitted to the Parliament speaker," said Cumhur Ersumer, a deputy from the Motherland Party, the main opposition party.

The motion, accusing Prime Minister Necmettin Erbakan and his cabinet of dividing the officially secular country along Muslim-secularist lines, carried signatures from four of the five opposition parties in Parliament.

"The present government, as well as increasing the problems of the country to an unprecedented degree, has dragged our people into fratricidal fighting," it says.

Opposition and dissident government legislators have been negotiating to try to bring down the government, which has been assailed by Turkey's traditional elite, particularly its powerful military, for putting the country's secularist basis in danger.

BRIEFLY

Hint of Shake-Up In Czech Republic

PRAGUE — A senior official Friday raised the prospect of a shake-up to ease tensions in the troubled center-right coalition of Prime Minster Vaclav Klaus.

The Czech industry and trade minister, Vladimir Dlouhy, suggested that Mr. Klaus's cabinet was running out of steam after seven years of dramatic economic reform and should have made personnel changes long ago.

Mr. Klaus has rejected the idea. "To leave by way of voluntary resignation and then watch somebody else struggle with the problems is not our ambition, certainly not mine," he said Thursday. *(AP)*

Another Setback For Albanian Vote

TIRANA, Albania — President Sali Berisha's efforts to hold elections in late June ran into more problems Friday when the opposition rejected the second new electoral law to be passed in three days and vowed to boycott the polls.

"We will boycott the elections if Mr. Berisha signs a decree promulgating the law," said the chairman of the Socialist Party, Fatos Nano. "We will make no concessions on this point."

Parliament, which is dominated by Mr. Berisha's Democratic Party, passed the new law Thursday after legislation approved Tuesday was rejected by the opposition. *(AFP)*

Kohl Loses Support

BONN — Support for the government of Chancellor Helmut Kohl has eroded further, according to a survey carried out for the German public television station ZDF.

The poll, conducted by the Electoral Research group and published Friday, reported that 62 percent of Germans interviewed in May thought Mr. Kohl's government was doing a bad job, the highest level of dissatisfaction for four years.

Mr. Kohl's popularity also slid, with 42 percent of those polled supporting him, compared with 45 percent in April. Oskar Lafontaine, leader of the opposition Social Democrats, saw his support grow to 41 percent, from 39. *(Reuters)*

TRAVEL UPDATE

French Strike Persists

PARIS (AFP) — Railroad conductors voted Friday to continue a strike, disrupting French rail services, the state-run rail authority SNCF said.

SNCF said the conductors had voted to continue the strike until Friday evening or Saturday morning in the capital, and in most major French cities, including Lyon, Toulouse, Bordeaux, Marseille and Lille.

On long-distance routes, only about one in three trains have been running.

China Eases Visa Rules

BEIJING (AP) — In a move to keep Hong Kong a hub for global business and tourism, China said Friday that foreigners who now travel to the territory without visas may continue to do so after July 1.

The Foreign Ministry announcement, 46 days before China resumes sovereignty over the British colony, eases concerns that Beijing would apply its own time-consuming visa process to foreigners wanting to visit postcolonial Hong Kong.

A six-day strike by municipal workers has left about 7,500 tons of uncollected garbage in the streets of Athens, festering in the heat and threatening public health, officials said. *(Reuters)*

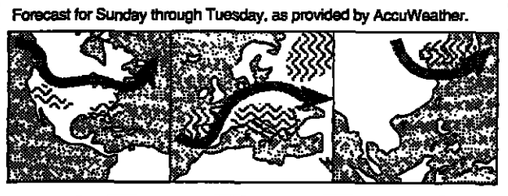
British Airways' cabin crew will vote on strike action after a long-running pay dispute, a union representative said. *(Reuters)*

Ethiopian and Japanese authorities have agreed to set up direct air links between the two countries, the official daily Ethiopian Herald reported. *(AFP)*

A new mall was inaugurated in central Paris, on the site of the former St. Honore Market in the first arrondissement, near the Place Vendome. *(AFP)*

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



Jetstream · Unseasonably Cool · Unseasonably Mild · Heavy Rain · Heavy Snow

North America Warm, springlike weather will finally return to the eastern third of the nation, including Philadelphia and New York. Showers and thunderstorms will affect the Plains Sunday, the Great Lakes and Midwest Monday, then the East Tuesday. Dry in the West with summerlike heat in the Southwest.

Europe Cool and unsettled weather will affect Spain and Portugal, especially north into early next week. Mild, but wet weather will be found in London, Paris, Amsterdam and Berlin. Nice in Warsaw Sunday then showers arrive Monday. Sunshine and warm in Rome and Athens.

Asia Showery, cool weather will prevail across both Koreas and much of Japan, including Seoul and Tokyo, through Tuesday. Beijing will also be cool, but mainly dry with some sunshine. Hot and humid in Hong Kong and Singapore with a late-day thunderstorms each day.

Europe

	Today High	Today Low	Tomorrow High	Tomorrow Low
	C/F	C/F	C/F	C/F
Algarve	22/71	12/53 pc	21/70	14/57 c
Amsterdam	20/68	16/61 c	24/75	13/55 sh
Ankara	26/79	7/44 pc	24/75	8/43 pc
Athens	24/75	17/62 s	29/79	17/62 s
Barcelona	19/66	13/55 c	23/73	15/59 pc
Belgrade	28/82	13/55 pc	29/84	15/59 pc
Berlin	23/73	16/61 s	28/82	17/62 pc
Brussels	25/77	16/61 pc	23/73	12/53 c
Budapest	29/84	15/59 pc	28/82	14/57 pc
Copenhagen	19/66	9/48 pc	18/64	12/53 sh
Costa Del Sol	21/70	12/53 pc	23/73	14/57 pc
Dublin	17/62	14/57 r	18/64	11/52 c
Edinburgh	18/61	13/55 r	18/64	11/52 sh
Florence	28/82	15/59 c	28/82	16/61 pc
Frankfurt	28/79	14/57 s	27/80	16/61 pc
Geneva	24/75	13/55 pc	23/73	11/52 c
Helsinki	11/52	-2/28 pc	11/52	1/34 pc
Istanbul	23/73	12/53 s	24/75	13/55 s
Kiev	21/70	7/44 s	19/66	7/44 s
Las Palmas	23/73	18/64 pc	23/73	18/64 pc
Lisbon	19/66	12/53 pc	20/68	12/53 sh
London	26/77	14/57 c	23/73	12/53 pc
Madrid	19/66	8/46 r	21/70	9/48 c
Mallorca	18/64	14/57 c	20/68	16/61 pc
Milan	27/80	14/57 c	27/80	16/61 c
Moscow	11/52	0/32 pc	8/46	-1/31 pc
Munich	24/75	13/55 pc	24/75	13/55 c
Nice	22/71	18/61 c	18/66	15/61 r
Oslo	17/62	9/48 c	18/61	9/48 sh
Paris	29/73	13/66 sh	23/71	13/55 pc
Prague	26/79	12/53 s	27/80	13/55 pc
Reykjavik	11/52	8/46 r	9/48	4/39 sh
Riga	14/57	2/35 s	14/57	8/43 pc
Rome	25/77	14/57 pc	29/79	15/59 pc
St. Petersburg	8/46	1/34 c	8/46	2/35 c
Stockholm	16/61	4/39 s	11/52	4/39 pc
Strasbourg	28/79	15/59 pc	29/79	13/55 c
Tallinn	12/53	-2/28 pc	12/53	2/36 pc
Tbilisi	27/80	13/55 pc	26/79	13/55 r
Venice	28/79	15/61 pc	27/80	16/61 pc
Vienna	26/82	16/61 s	28/82	18/61 pc
Warsaw	23/73	9/48 pc	23/73	12/53 pc
Zurich	24/75	13/55 c	24/75	12/53 c

Middle East

Abu Dhabi	34/93	21/70 s	36/97	22/71 s
Beirut	22/71	13/55 s	22/73	15/61 s
Cairo	37/98	19/66 s	38/100	21/70 s
Damascus	29/84	8/46 s	31/88	12/53 s
Jerusalem	26/79	9/48 s	27/80	12/53 s
Luxor	42/107	18/64 s	42/107	22/71 s
Riyadh	38/100	25/77 s	38/100	26/79 s

North America

	Today High	Today Low	Tomorrow High	Tomorrow Low
	C/F	C/F	C/F	C/F
Anchorage	11/52	4/39 sh	12/53	7/44 pc
Atlanta	22/80	15/59 s	27/80	17/62 pc
Boston	17/62	8/46 sh	17/62	9/48 pc
Chicago	21/70	10/50 s	22/71	10/50 sh
Dallas	30/86	19/66 s	29/84	18/64 pc
Denver	29/84	11/52 pc	24/75	8/46 pc
Detroit	19/66	7/44 sh	20/68	11/52 sh
Honolulu	27/80	19/66 pc	28/82	19/66 pc
Houston	30/86	21/70 pc	29/84	19/66 pc
Los Angeles	30/86	18/64 s	27/80	14/57 pc
Miami	30/86	23/73 pc	31/88	24/75 pc
Minneapolis	20/68	9/48 pc	21/70	7/44 pc
Montreal	8/46	2/35 sh	11/52	5/41 pc
Nassau	29/84	23/73 pc	31/88	24/75 pc
New York	19/66	11/52 sh	22/71	12/53 pc
Orlando	30/86	18/64 pc	32/89	20/68 pc
Phoenix	38/100	24/75 s	36/97	21/70 pc
San Fran.	20/84	16/61 s	23/73	12/53 pc
Seattle	21/70	8/48 s	22/71	10/50 pc
Toronto	8/46	-1/31 c	15/59	8/46 pc
Vancouver	20/68	8/46 s	20/68	13/55 pc
Washington	20/68	11/52 sh	23/73	13/55 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hce, W-Weather All maps, forecasts and data provided by AccuWeather, Inc. © 1997

Asia

	Today High	Today Low	Tomorrow High	Tomorrow Low
	C/F	C/F	C/F	C/F
Almaty	20/68	6/43 pc	21/70	8/46 pc
Bali	32/89	21/70 pc	32/89	22/71 pc
Bangkok	32/89	24/75 r	33/91	25/77 s
Beijing	31/88	14/57 s	27/80	13/55 s
Bombay	34/93	26/79 s	33/91	26/79 s
Calcutta	36/97	23/73 s	36/97	24/75 s
Chiang Mai	33/91	23/73 r	32/89	23/73 r
Colombo	28/82	24/75 r	28/82	24/75 r
Hanoi	36/97	29/84 c	35/95	29/84 pc
Ho Chi Minh	33/91	24/75 pc	33/91	24/75 pc
Hong Kong	33/91	26/82 c	33/91	26/82 pc
Islamabad	37/98	19/66 pc	37/98	19/66 pc
Jakarta	31/88	23/73 pc	29/84	23/73 pc
Karachi	37/98	25/77 s	38/97	24/75 s
K. Lumpur	32/89	23/73 c	32/89	23/73 pc
K. Kinabalu	32/89	24/76 c	31/88	26/79 pc
Manila	32/89	23/73 pc	32/89	23/73 c
New Delhi	42/107	24/75 s	41/106	27/80 s
Phnom Penh	33/91	23/73 pc	33/91	23/73 pc
Phuket	32/89	24/75 r	32/89	24/75 r
Rangoon	32/89	24/75 r	31/88	24/75 r
Seoul	23/73	11/52 s	24/75	12/53 c
Shanghai	29/78	18/61 s	24/75	17/62 c
Singapore	32/89	25/77 c	32/89	25/78 pc
Taipei	27/80	24/75 r	29/84	23/73 r
Tokyo	24/75	17/62 pc	22/71	16/61 s
Vientiane	34/93	23/73 c	35/95	23/73 pc

Africa

Algiers	23/73	16/61 r	24/75	14/57 pc
Cape Town	23/73	12/53 pc	22/71	10/50 s
Casablanca	18/64	12/53 pc	21/70	14/57 pc
Harare	28/84	11/52 s	31/88	12/53 s
Lagos	30/86	23/73 pc	29/84	22/71 pc
Nairobi	24/75	12/53 pc	25/77	13/55 s
Tunis	28/79	15/59 pc	28/82	17/62 pc

Latin America

Buenos Aires	23/73	14/57 pc	18/66	12/53 sh
Caracas	30/86	23/73 pc	30/86	23/73 pc
Lima	23/73	17/62 pc	23/73	17/62 pc
Mexico City	28/79	11/52 s	28/79	12/53 s
Rio de Janeiro	21/70	17/62 pc	22/71	16/61 sh
Santiago	12/53	1/34 r	12/53	-1/31 c

Oceania

Auckland	15/59	8/48 s	15/59	9/48 s
Sydney	19/66	14/57 r	19/66	13/55 sh

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I.B.C., Strada Popa Rusu 22. 3:00 p.m. Contact Pastor Mike Kemper, Tel. 312 3860.

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Candidate Chretien Finds Himself Slipping on His Quebec Turf

By Anthony DePalma
New York Times Service

SHAWINIGAN, Quebec — Prime Minister Jean Chretien's Liberal Party holds a commanding lead as the June 2 national elections approach, but Mr. Chretien himself is in one of the toughest fights of his long political career.

As Mr. Chretien campaigns for his own seat in Parliament representing this old French-speaking mill town northeast of Montreal, he faces a tough opponent and a grumpy electorate that is largely disappointed that he has not been able to solve the problems in his own back yard.

For the 63-year-old prime minister, Shawinigan, with its railcars heaped with wood pulp and workers carrying metal lunch pails, is as much a part of his personal myth as Hope, Arkansas, is of President Bill Clinton's.

Mr. Chretien was first elected to represent this area in Ottawa in 1963, and Shawinigan has returned him to the House of Commons eight times, the last as a hard-working prime minister who looked and sounded like an ordinary guy. He always campaigns with his crooked smile and fractured diction, in both English and French, as "the little guy from Shawinigan."

But the common-man guise may be wearing thin. "For 30 years he's been saying 'I'm the little guy from Shawinigan' and in my mind it's pejorative," said Yves Duhaime, 57, a local lawyer and Bloc Quebecois politician who polls say is running neck and neck with Mr. Chretien. "What people need now is a gentleman from Shawinigan."

The main issues here can be seen as a microcosm of the most important issues facing Canada in this election: the need to create jobs, protect the social network and keep the country together.

But while Mr. Chretien remains popular in English-speaking Canada, he has not made friends here with the way he has handled those issues since taking office as Canada's 20th prime minister a little over three and a half years ago.

"He's a real liability in Quebec," said Larry LeDuc, a professor of political science at the University of Toronto. Many people here still see him as a traitor to the Quebec cause, Mr. LeDuc said, and his inability or unwillingness to shower Shawinigan with governmental goodies has added to local disappointment over his leadership.

In some ways it is the achievements that Mr. Chretien most proudly boasts of elsewhere in Canada that get him into the most trouble here. He tells voters that his government has created 793,000 jobs, and reduced the national unemployment rate to 9.6 percent, from just over 11 percent when he took office. But in Shawinigan and surrounding areas, unemployment is about 16 percent; more than 10,000 of the district's 75,000 residents are on welfare.

To reduce the ballooning national deficit that he inherited in 1993, Mr. Chretien has had to cut deeply into Canada's most cherished social program — universal health care — and generally tighten the broad range of assistance programs. Here some 450 poor families rely on a food bank run by Roman Catholic priests.

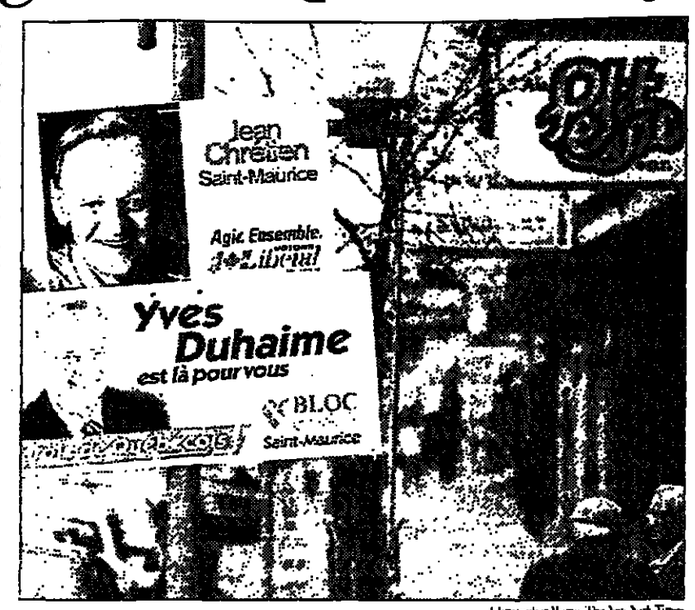
And wherever he campaigns, Mr. Chretien is reminded that although the "No" side won the October 1995 referendum in Quebec on splitting Canada, he underestimated the separatist sentiment of his fellow Quebeckers. In a rebuke for the prime minister, who led the campaign for unity, 54.6 percent of the people here voted for Quebec to pull out of Canada.

Few analysts expect Mr. Chretien to lose, although they say that if the Liberals do poorly, there will be pressure on him to resign. If the unexpected happened and he were to lose while his party retained control of the government, space would be found for him in another district so he could remain prime minister.

Mr. Chretien is taking no chances of suffering any such blow to his leadership. While he campaigns for his party across Canada, a number of his cabinet ministers go on the stump for him in Shawinigan, repeating the rather modest message he gave in a nationally televised debate among party leaders Monday. "In some areas, I am sorry to say, we were not able to do all we wanted to do," Mr. Chretien said. "You do not expect your government to perform miracles."

There has never been love lost between Mr. Chretien and Mr. Duhaime. Both are lawyers born in Shawinigan, but they have taken different paths.

Mr. Chretien staunchly supports keeping Quebec in Canada. He has always belonged to the Liberal Party, and he held nearly every major cabinet position before becoming prime minister. Mr. Duhaime has held office in the provincial government, but in the mid-1980s he retired from politics. He came back to the political scene last fall, running unsuccessfully for the leadership of the Bloc Quebecois.



Christopher Morris/The New York Times

Prime Minister Chretien faces a tough challenger in Shawinigan, Quebec.

POLITICAL NOTES

Clinton Is Focusing On Racial Issues

WASHINGTON — Two years ago, the issue of race in America had President Clinton on the defensive. Speaking in California, he urged a group of Democrats to be sensitive to the problems of the "angry, white male," and warned that if they were not flexible on the issue of affirmative action, Republicans would score "a cheap political victory."

These days, Mr. Clinton sees fewer perils and more possibilities in confronting racial divisions. The change reflects what White House advisers say is his belief that promoting racial reconciliation can be a principal legacy of his second term.

A ceremony Friday at the White House, in which Mr. Clinton formally apologized on behalf of the U.S. government for experiments conducted on black victims of syphilis starting in the 1930s, was part of a series of high-profile events over the next month that Mr. Clinton will use to highlight race, presidential aides say.

White House aides have been debating whether Mr. Clinton should appoint a task force to study the race issue, and who should be on it. But the suggestions of civil rights leaders consulted by the White House — spending more money on civil rights enforcement and urban poverty — are things Mr. Clinton shows little inclination to do. *(WP)*

New Tougher Terms On Gingrich Loan

WASHINGTON — The House ethics committee rejected Newt Gingrich's $300,000 loan agreement with the 1996 Republican presidential nominee, Bob Dole, and imposed a far more stringent arrangement that required the House speaker to pay $50,000 from personal funds immediately and sliced the Dole loan in half.

Responding to criticism that the Gingrich-Dole arrangement was a "sweetheart deal" between two veteran politicians, the committee struck a deal with Mr. Gingrich that would settle his $300,000 penalty for ethics violations while conforming more closely to commercial banking standards. In the new arrangement — agreed on by Mr. Gingrich and the ethics panel Thursday — the speaker must put up his home as partial collateral and make more frequent payments than he had proposed.

Mr. Gingrich delivered to the committee a check for $50,000 on Thursday afternoon. *(LAT)*

Budget a Done Deal, According to Lott

WASHINGTON — After two weeks of haggling and a day of high-level negotiating, Senator Trent Lott of Mississippi, the majority leader, announced that congressional Republicans and the White House had agreed in writing to the details of their balanced-budget deal. He said he expected Congress to approve a budget resolution within a week. Mr. Lott gave no details, but said Thursday that the deal's framework was the same as that unveiled two weeks ago. *(NYT)*

Quote/Unquote

President Clinton, challenging Congress to pass his proposals to fight accidents with handguns by requiring that firearms have child-safety locks: "We protect aspirin bottles in this country better than we protect guns from accidents by children." *(WP)*

Away From Politics

• **The journalist who questioned** whether Admiral Jeremy Boorda had earned all his medals reportedly also had decorations he apparently did not earn. Retired Colonel David Hackworth of the army was scheduled to interview Admiral Boorda, the navy's top admiral, on the day the admiral committed suicide. CNN reported that Colonel Hackworth's wearing of the awards may have been an honest mistake. Admiral Boorda made the same argument before he died. *(AP)*

• **Attorney General Janet Reno authorized prosecutors to seek the death penalty** for the suspect in the Unabomber case despite arguments that executing him would be an injustice to the relatives who had turned him in. *(NYT)*

• **A desktop-size chunk of aluminum from a TWA jet** fell onto a busy street in St. Louis, denting the roadway but missing startled pedestrians and motorists. *(AP)*

Senate Rejects Compromise on Abortion Bill

By Helen Dewar
Washington Post Service

WASHINGTON — The Senate has overwhelmingly rejected a White House-backed initiative to curtail late-term abortions that had been offered as a way of derailing a Republican-sponsored bill banning so-called partial-birth abortions.

The proposal from Thomas Daschle of South Dakota, leader of the minority Democrats, was defeated, 64 to 36, underscoring the difficulties of trying to devise a middle ground on the abortion issue. All but two Republicans voted against Mr. Daschle's proposal, and he lost 11 Democrats, including some of the most ardent abortion-rights supporters as well as many of the party's strongest anti-abortion lawmakers.

Mr. Daschle's proposal, endorsed by President Bill Clinton, would have banned abortions in the final months of pregnancy unless a woman were threatened with death or "grievous injury" to her health.

Defeat of the Daschle proposal puts the late-term-abortion legislation on track for approval when the Senate resumes consideration of it Tuesday. Mr. Clinton vetoed a similar bill last year and has vowed to veto this one because it does not include an exception to protect women's health.

The House passed an identical measure two months ago by more than the two-thirds majority required to override a presidential veto, but sponsors of the bill have said they are four or five votes short of a veto-proof majority in the Senate.

While abortion-rights forces described the Daschle proposal as a retreat from the rights of women as guaranteed by the Supreme Court in 1973 in ruling on the case of Roe v. Wade, it came under even stronger attack from anti-abortion groups, which described it as a "sham" designed to preserve the status quo.

"We're not going to satisfy the hard-core pro-choice or pro-life people," Mr. Daschle acknowledged before the debate.

The controversy is a political minefield for many lawmakers as well as for Mr. Clinton. Polls show most Americans favor abortion rights but have serious reservations about late-term procedures.

Congressional Republicans also moved closer to a showdown with Mr. Clinton on another issue, as the House approved an $8.4 billion supplemental spending measure that included a provision to prevent government shutdowns such as those that occurred during the partisan battle over the federal budget two years ago.

Mr. Clinton has vowed to veto the measure, which passed on a 244-to-178 vote, over the no-shutdown provision.

The bill also includes $2 billion for peacekeeping operations in Bosnia and the Middle East.

Defense Makes A Point in McVeigh Trial

Washington Post Service

DENVER — An FBI fingerprint expert has conceded that no fingerprints of the Oklahoma bombing defendant, Timothy McVeigh, were found on a rental receipt for the Ryder truck used in the blast, inside the Ryder dealership, inside lockers the government believes were used to store explosives used in the bomb, or on the Ryder truck key found in Oklahoma City after the bombing.

The FBI specialist, Louis Hupp, repeated earlier testimony that Mr. McVeigh's fingerprints had been found, however, on a receipt for ammonium nitrate, which prosecutors allege was used to make the bomb that exploded April 19, 1995, killing 168 people.

Mr. Hupp said it was fairly common for items such as those examined to show no prints because people often remove oils and other residues by washing or wiping their hands. "It's a chance impression and there must be something on the fingers to transfer," he said.

The expert's testimony was the first bright note in days for the defense, which has watched a parade of prosecution witnesses identify Mr. McVeigh as the man who rented the Ryder truck, cased out the Alfred P. Murrah Federal Building and openly expressed his hatred for the federal government.

'Clock' Gene Holds Hope on Body Rhythms

By Curt Suplee
Washington Post Service

WASHINGTON — Scientists are much closer to understanding the causes of a host of maladies, from jet lag and shift-work problems to sleep disorders related to aging, thanks to striking new research on the brain's "biological clock" — the tiny but mysterious aggregation of cells that dictates the body's daily rhythms.

In the Friday issue of the journal Cell, Joseph Takahashi and colleagues from Northwestern University describe "definitive proof" that a previously unknown substance has a key role in controlling the biological clock in mice. They identify the gene that determines the presence of the chemical.

It is the first time that any such gene has been isolated in a mammal. "There is every reason to expect that it will inform us about how the human clock works," said Charles Weitz, a molecular neurobiologist at Harvard Medical School, adding that practical medical applications "are still a long way off."

The finding is "a major scientific step," said Steven Hyman, director of the National Institute of Mental Health, which partly supported the research. "Understanding biological clocks," he said, "has important implications for human health," including the genesis of "devastating disorders such as manic-depressive illness."

Every plant and animal has a system that regulates changes in its internal functions on roughly a 24-hour basis. In humans, these fluctuations — called circadian rhythms from the Latin words for "around the day" — affect not only cycles of sleep and wakefulness, but also hormone levels, metabolic rate, body temperature and sundry other variables.

Normally, each individual's clock is reset daily by the perception of light. But even in complete darkness, the body continues to maintain a 24-hour schedule, following the master pacemaker in the brain. That clock resides in a deep central structure called the hypothalamus, just above the point at which the optic nerves cross in mid-brain. Embedded there are about 10,000 special cells that send out electrochemical signals in a 24-hour timing pattern.

Researchers have been scrambling to identify the clock's components. A few critical clock genes are now known only in relatively simple creatures such as fruit flies or fungus.

For years, Mr. Takahashi's group at Northwestern has been using breeding techniques to search for a clock gene in mice. Mice are remarkably regular in their exercise habits and will run on a wheel only for a relatively precise period of time that seemingly is governed by their sense of day length.

The gene found by Mr. Takahashi's lab orders the production of a crucial protein that apparently serves as a major regulator of the 10 or so other, still unidentified genes thought to affect circadian rhythm.

Where's Heisman Trophy? Don't Ask Simpson

Los Angeles Times Service

SANTA MONICA, California — Where's the Heisman Trophy?

O.J. Simpson, under oath for the first time since a civil jury found him liable for the June 12, 1994, slayings of his former wife Nicole Brown Simpson and her friend Ronald Goldman, said he did not know the whereabouts of the trophy he received in 1968 as the country's top collegiate football player.

Nor did he know the whereabouts of more than 100 other valuable items, which a Santa Monica court ordered seized to satisfy part of the $33.5 million civil judgment against him.

Lawyers for Fred Goldman, Ronald Goldman's father, spent all day grilling Mr. Simpson behind closed doors in a jury room of Santa Monica Superior Court.

BOOKS

TWILIGHT AT THE EQUATOR

By Jaime Manrique. 198 pages. $23.95. Faber and Faber.

MY NIGHT WITH FEDERICO GARCIA LORCA

By Jaime Manrique. 121 pages. Paperback, $12. Painted Leaf.

Reviewed by Ilan Stavans

JAIME Manrique is known as the creator of an exuberant and hilarious human comedy filled with disenfranchised characters that, in general, don't want too much from life other than to experience the present at its fullest — hookers, would-be poets, drug lords, and naive mothers living in a hedonistic universe ruled by sex and political corruption. They are enormously appealing, perhaps because they all seem quite conscious of their theatricality, well aware of their proclivity to exaggeration, as if Manrique, by crafting them, begged us to place him alongside Pedro Almodovar, Manuel Puig and other masters of what in Spanish is known as *lo cursi*: burlesque sentimentality.

Nothing would be easier, of course, but there is more to him than simple imitation.

The bonfire of amoral vanities, to play with Tom Wolfe's famous title, is Manrique's main motif. Born in Colombia in 1949, he immigrated to the United States — and thus, to English — in his early childhood. Read consecutively, his entire oeuvre is clearly shaped as an autobiography-in-progress, a coming-to-terms not only with his tyrannical and negligent father but with the strict, homophobic code of behavior of the Hispanic world, even when that world is extracted from its own habitat and transplanted north of the Rio Grande — to Queens and Manhattan.

This displacement is at the heart of his world view: Manrique's most memorable creation, Santiago Martinez Ardila, sometimes known as Sammy, is a mongrel, a hybrid, neither fully Colombian nor totally American but an in-between. He is, obviously, the writer's alter ego, a mirror through which Manrique, in English, exorcises his own ghosts and subverts Hispanic machismo.

Although Santiago is the center of gravity in Manrique's 1993 novel-as-carnival, "Latin Moon in Manhattan," about lowlife in Times Square and Queens' Little Colombia, one can actually trace his birth much earlier — to the writer's debut story collection, "El cadaver de papa" ("Papa's Corpse"), originally written in Spanish and published in 1978. The picture of Santiago that emerges is that of an emigre artist hungry for pleasure and literary achievement.

Manrique is adept at ridiculing the style known in the United States as magical realism. Indeed, his fiction often reads like a response to the Latin-American masters of the '60s; his characters, for one thing, are globetrotters and sinners, but they are neither mystical nor magical; they thrive in urban centers and seem allergic to Western values. But what truly characterizes his style is his obsession with homosexuality.

That Manrique's oeuvre has become more radical, more explicit with the years is evident in his latest novel, "Twilight at the Equator," at once prequel and sequel to "Latin Moon in Manhattan." In it we witness Santiago's many sexual encounters as he wanders from Spain to Colombia and finally settles in New York.

The book begins in 1976, with Santiago arriving in Madrid while dreaming of becoming "the Colombian Sylvia Plath," and it ends in a present-day Manhattan, with him being kissed by his all-time idol, Carmen Maura, one of Almodovar's leading actresses. In the interim, we witness his adventures with boys, his struggle to free himself from his father's shadow. Graphic descriptions of sex abound.

Manrique, it strikes me, has ceased to write against magical realism; instead, he has relocated himself in an altogether different Hispanic literary tradition: the one established by the incendiary prose of Reinaldo Arenas. This change does not come as a surprise.

The enormously successful publication of Arenas's posthumous autobiography, "When Night Falls," was for many a liberating experience; in its crude and cruel honesty and explicitness, the book pushed gay writing, particularly in Spanish, to altogether new heights. Manrique, clearly, is capitalizing on its contribution.

The north/south dichotomy is made clear in the new edition of Manrique's 1995 bilingual poetry collection, "My Night with Federico Garcia Lorca," translated by Edith Grossman and Eugene Richie. The poems, also about his dogmatic father, about sexual identity, about highbrow idols and pop icons (not only Garcia Lorca but writer Edouard Roditi, painter Federic Edwin Church, and Marco Polo parade through its pages), are not only romantic but utterly gentle and conventional, as if Manrique's raw English voice needed to be domesticated to become a Spanish melody — as if a part of him were still in the '50s while the other is ferociously alive in the '90s. As a writer, obviously, he stands divided, but divisions such as these are inevitable in transcultural dwellers. In fact, they are essential to their artistic contribution.

Ilan Stavans teaches at Amherst College. His books include "The Hispanic Condition" and, due out in August, "The Oxford Book of Latin American Essays." He wrote this for The Washington Post.

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Refugee Mobs Terrorize Serb Villages in Croatia

Dozens Flee Beatings; Homes Are Wrecked

By Chris Hedges
New York Times Service

KOSTAJNICA, Croatia — Mobs of Bosnian Croat refugees have rampaged this week through at least four Serbian villages here breaking into homes, smashing household contents and forcing dozens of terrified Serbs to flee in terror to the safety of the surrounding woods, according to international relief officials and residents.

The attacks are part of a mounting campaign by groups of ethnic Croats, who have been resettled in Croatia and many of whom now live in homes that belong to Serbs, to drive the some 100,000 remaining Serbs from the country or block any returning Serbs from resettling in their communities.

The incidents follow Zagreb's sweeping confiscation of Serbs' homes and attempts to distribute the property to ethnic Croats living in Bosnia, Serbia or in exile in such countries as Germany.

Human rights and relief officials said that if the police did not take action to return the Serbs, most of whom are elderly, to their homes, then this would give a green light to all Croats who want to purge Serbs from Croatia.

Before the war, there were 600,000 ethnic Serbs in the country. The Dayton peace agreement gives the half million Serbs from Croatia the right to go back to their homes in Croatia. Only 2,000, however, have been able to return.

"This probably started as a spontaneous reaction by angry Croats, but by Wednesday it was well organized," said Zarko Puhovski, an official of Helsinki Watch. "All local schools are now closed in this area so children can gather with their parents for daily protests calling for the expulsion of the Serbs. This has become a huge test of the government's authority. If these assaults work, if the Serbs do not go back to their homes, then you can expect to see these assaults repeated throughout Croatia."

Helsinki Watch officials also said they had reports that some Serbs were beaten by Croatian men in military uniforms. They criticized the local police for being "passive" in the face of the attacks. The police in Kostajnica, 130 kilometers (80 miles) southwest of Zagreb, said there had been no arrests.

It was unclear Friday evening how many homes had been ransacked and how many people were in hiding. But the number had probably climbed into the dozens, with four villages now emptied of Serbian inhabitants.

"On Tuesday night a crowd of about 70 Croats surrounded my house shouting, 'Get out, Chetnik,'" said Pero Birac, 49, referring to the term used in World War II to describe Serbian irregular soldiers. "They beat down the door, overturned and smashed everything in my house. I jumped from the window and tried to run but they caught me and the men beat me. When I was lying on the ground being kicked the children pelted me with eggs."

Mr. Birac, who was born in the house in Umetici just outside of Kostajnica, hid in a neighbor's house for a day before fleeing to Zagreb.

About two-thirds of those who lived in this area before the war were ethnic Serbs. The Serbs formed a rebel enclave in 1991, when Croatia won its independence. The area was seized by the Croatian military in 1995, and nearly all the 200,000 Serbs in this region fled to Serbia or the last enclave held by Serbs in Eastern Slavonia. Eastern Slavonia is to be handed back to Zagreb in July. At least half of the 120,000 Serbs there are expected to flee, although under the UN accord they were supposed to return to their homes in Croatia.

BRIEFLY

China Sentences 4 For Gun Smuggling

DALIAN, China — A court Friday sentenced four people to prison terms of up to 14 years for smuggling 2,000 automatic weapons into the United States, the Xinhua press agency reported.

The guns, the biggest haul of smuggled automatic weapons ever seized by U.S. customs, were part of a deal made by a group of employees at China's biggest munitions merchant, *China North Industries Corp.*

The Dalian City Intermediate People's Court sentenced Qi Feng, former manager of the Duoweidi Science and Technology Co. in Beijing, to 14 years in prison for illegally exporting the firearms to the United States, Xinhua said.

The court sentenced three others, Lu Yilun, Qin Qixiu and Guo Chengkun, all employees of China North Industries or its subsidiaries, to sentences of three to four years for "dereliction of duty," the agency said. *(Reuters)*

Anti-Castro Protesters Get a U.S. Warning

WASHINGTON — Cuban-Americans planning to demonstrate Saturday in international waters off Cuba were warned by the U.S. State Department that they could be in serious danger if they crossed into Cuban waters.

While voicing support for the right to protest peacefully against the Cuban government, the department's spokesman, Nicholas Burns, reminded the protest's organizers that Havana was prepared to defend its waters.

If Cuba detained any of the protesters, Washington would have a limited ability to assist them, Mr. Burns said, urging "the greatest possible restraint."

Cuban-American organizers of the demonstration against President Fidel Castro plan to head out from Florida in boats and planes. They are aiming at sites in international waters and airspace off Havana, Cabarien and Santiago de Cuba. *(AP)*

Choo Yoon Kong/Agence France-Presse

ANGER IN SEOUL — Two residents of the South Korean capital fleeing the smoke of gas bombs thrown Friday by students rioting against the government's alleged role in the collapse of the Hanbo conglomerate.

Afghan Commander Slain With 10 Guards

ISLAMABAD, Pakistan — A senior Afghan commander in the northern Uzbek army led by General Abdul Rashid Dustam has been assassinated in the northern city of Mazar-i-Sharif, an official of the faction said Friday.

Mullah Abdur Rahman Haqqani, an ethnic Uzbek, was killed with 10 bodyguards Thursday, said Jandal Fateh Mohammed, a spokesman here for General Dustam's army faction.

Mr. Haqqani commanded 500 regular troops for the general, but could raise about 2,000 irregulars in time of need, the Afghan Islamic Press agency in Pakistan reported.

The news agency said Mr. Haqqani's assassination coincided with new tensions between General Dustam's faction and another group led by a former government commander who is also fighting the Taleban, Ahmed Shah Masoud. *(Reuters)*

For the Record

Prime Minister Lien Chan of Taiwan survived another effort to topple him Friday over the government's response to the nation's spiraling crime rate. The governing Nationalists defeated three motions brought in Parliament by an alliance of the New Party and the Democratic Progressive Party. The votes came one day after President Lee Teng-hui apologized to the public for the crime wave and promised an all-new cabinet in July. *(AP)*

Seoul on Friday pledged to provide North Korea with $10 million in food aid, and the South Korean Red Cross proposed another round of talks with its northern counterpart on speeding relief deliveries. The promised 50,000 tons of corn and 300 tons of powdered milk would be added to $6 million worth of aid that has already been delivered to the World Food Program, which has appealed for 200,000 tons of aid worth $98.5 million. *(Reuters)*

Royals vs. the Press

Japan's Emperor and Empress Deny Avoiding the Public Eye

Agence France-Presse

TOKYO — Appearing Friday at their first joint news conference in two and a half years, Emperor Akihito and Empress Michiko rejected suggestions they have not been appearing in public often enough.

"If we are shown specific examples of how we should appear in public and how to mingle with people in a natural way, we will have them considered by the Imperial Household Agency," the emperor said.

The emperor also spoke of the pain he felt during the recent hostage crisis at the Japanese ambassador's residence in Peru.

"I felt pain in my heart thinking that the many people who gathered for a reception to celebrate my birthday were taken hostage and that 72 of them had to tolerate more than four months of difficulties," he said.

Speaking to about 30 reporters at the imperial palace ahead of the couple's two-week trip to Brazil and Argentina next month, Akihito acknowledged he and his wife had recently had "not so many" engagements outside their palace.

"But we have had a considerable number of appointments at the palace," he said. "We have especially had a number of engagements here related to foreign countries.

"I believe having foreign guests here is meaningful, as it makes us aware of what is happening in the world."

He was responding to a question from the foreign media asking why the imperial couple did not seem to be making many public appearances and did not appear to have "natural exchanges" with their Japanese subjects.

Empress Michiko spoke at length on the imperial couple's engagements, occasionally appearing to be on the defensive.

"I had my schedule over the past month reviewed," she said. "I had 12 appearances in public," including visits to welfare facilities, a Red Cross meeting and a charity concert to raise funds for removing land mines.

After the news conference, officials of the Imperial Household Agency took foreign reporters aside to say that, although the emperor and empress had been "very busy," they were not avoiding the public.

"They do not just have eminent people as guests," an official said. "The guests include ordinary people. There are nurses and fishermen, for example."

Another official added that security was a factor. "What do you want him to do, walk around in Kabukicho?" he asked, referring to Tokyo's biggest red-light district. "I don't think the police would let him do that."

Harry Blackstone Dies; A Master of Illusions

By Barry Bearak
New York Times Service

Harry Blackstone Jr., 62, a magician who made handkerchiefs dance across a Broadway stage and globes of light float above his audience, who made elephants vanish and turned beautiful women into Bengal tigers, who sawed his wife in half 17 times a week during their 23 years of marriage, died Wednesday in Loma Linda, California.

The cause of death was pancreatic cancer, said Tom Dewhirst of the San Bernardino County coroner's office. The son of the "Great Blackstone," one of the century's master illusionists, Harry Jr. was born in Colon, Michigan, on June 30, 1934.

He first appeared in a magic act when he was 6 months old. His nanny had to leave early that day, and his mother was left with no choice but to take Harry Jr. onstage, where she usually posed as the Statue of Liberty and was made to disappear. She substituted a baby bottle for her torch.

The Blackstone household was a sorcerer's creative lair, the laboratory where refinements were contrived for such foolery as the Hindu rope trick. The elder Blackstone once estimated that his hat and sleeves had yielded 80,000 rabbits.

However successful the family business, Harry Jr. was advised by his father to find a profession that required less sleight of hand. He did so, going into newspaper reporting, radio broadcasting and television production.

But after his father died in 1965, he decided to pick up the wand. Onstage, he cut a different figure, with dark hair and a goatee instead of a long white mane, spangled tuxedos instead of black tie and tails. But like his father, he was always firmly in control, selling mystery with a commanding glance and a single raised eyebrow.

He brought his "magnificent, musical, magical show" to the Majestic Theater in New York in 1980. The extravaganza called for hundreds of rabbits, a camel, a donkey, a tiger, an elephant and 56 humans, including the patient wife who shared the spotlight with a noisy 36-inch buzz saw. The Broadway run lasted five months.

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Truth in South Africa

On the last day that South Africans could apply for amnesty from apartheid-era crimes, leaders of the governing African National Congress disclosed their involvement in hundreds of misdeeds. One of those seeking amnesty is Deputy President Thabo Mbeki, who is likely to become South Africa's next president. He and his party colleagues have done the right thing in so clearly demonstrating their respect for the rule of law.

South Africa's Truth and Reconciliation Commission has mostly dealt with crimes committed by the apartheid-era regime. Because of this, some whites have attacked the commission as a witch-hunt. But the commission's emphasis is fully justified. The white government's atrocities were far more widespread and severe than those of the anti-apartheid forces, who turned to armed struggle only after the ANC was banned. Some apartheid-era hit men and police in their confessions have exposed decades of official lies. Several policemen, for instance, acknowledged that they killed the Black Consciousness leader, Steven Biko, in 1977. Their accounts refuted the white government's long-standing claim that Mr. Biko had died accidentally.

The commission, under the leadership of Archbishop Emeritus Desmond Tutu, has been evenhanded. Its members come from across the political spectrum. When President Nelson Mandela attended commission hearings in Johannesburg, Archbishop Tutu made a point of calling a witness who testified about ill treatment in an ANC training camp. Archbishop Tutu had threatened to resign from the commission if the ANC leadership failed to report its misconduct.

A full account of ANC crimes will not emerge until public hearings on the amnesty applications later this year. Mr. Mbeki's application apparently covers decisions made by the ANC's national executive commission while he was a member. Earlier this past week, he and other ANC leaders went to the Truth Commission to detail some of the party's crimes. They included the execution of suspected spies and the bombing of the white government's military headquarters, as well as the use of torture in an ANC training camp.

The Truth Commission has had mixed success in persuading apartheid-era officials to apply for amnesty. The vast majority of serious applications come from low-level officials, including people who committed some of the most notorious murders and bombings. These are important, and South Africans are likely to learn far more about the crimes of the dictatorship than do the citizens of other nations that confront past repressions.

But only two apartheid-era cabinet members have applied. F. W. de Klerk, the last president under apartheid, has called apartheid-era officials "good and honorable men" and said his government did not approve or condone the crimes that took place. This seems oddly myopic for a man who had the good sense to recognize the inevitability of black rule in South Africa and helped manage a peaceful transition to it.

The ANC admissions stand in brave contrast. The party was justifiably proud that even before it took power, it carried out two investigations of abuses in its training camp, and published the results. The party has now made clear that neither the political purpose of a crime nor the high office held by its perpetrator can lift an act above the law.

— THE NEW YORK TIMES.

Suharto's Crackdown

The world's fourth most populous country, Indonesia, is holding a general election May 29. The ruling party has announced that it intends to win with 70.02 percent of the vote (up from 68 percent last time around). Its confidence may in part be explained by the fact that, as one Indonesian general recently said, "opposition parties do not exist in Indonesian democracy."

President Suharto, who has been in power for more than 30 years, has governed his nation autocratically, but his reign has not been entirely despotic. At least until recently, one couldn't imagine the Indonesian regime sending someone to jail for possessing a fax machine, as the Burmese junta does. The press and nongovernmental organizations, inside very definite limits, were allowed some room to maneuver. And the economy has performed impressively, growing at an annual rate of 6 percent during the 1980s and nearly 8 percent this decade. Today, only one in seven Indonesians lives in poverty, as officially defined — a remarkable achievement.

In other Asian nations, such as South Korea and Taiwan, this kind of economic growth led to political liberalization. In the early 1990s, it seemed as though Indonesia was cautiously taking the same path. But in the past three years, Mr. Suharto has reversed course, putting his nation's future in peril. At the age of 76, he refuses to make any provisions for an orderly succession. His relatives and cronies are enriching themselves in an increasingly corrupt atmosphere, sparking resentment even as the overall economy grows.

Recently, and particularly as elections approach, the regime has cracked down hard, arresting labor organizers and political opponents alike. Megawati Sukarnoputri, daughter of a previous president and a potential opposition figure with popular appeal, has been essentially banned from public life. Students have received jail terms of more than 10 years for urging democratic reform. In March the government arrested a former member of Parliament, Sri Bintang Pamungkas, and charged him with subversion. His crime: sending out greeting cards urging people not to vote in the May 29 election.

Unique features of geography, ethnic mix and religious diversity give Indonesia reason to move cautiously in any reforms; these are matters that Indonesians themselves will have to sort out. But outsiders can play a role, offering to send election observers May 29 and speaking out for Indonesia's prisoners of conscience. In July, the United States will send its representatives to Tokyo for the World Bank's annual gathering of donors to Indonesia, where they should make their concern clear. This would not be a matter of interfering in Indonesia's internal affairs but rather of wanting to invest wisely. For if Mr. Suharto does not give his nation's civil society a chance to breathe and develop, the nation's economic prospects also must be considered cloudy at best.

— THE WASHINGTON POST.

Other Comment

Honduran Indians

In an act of unnecessary violence, armed soldiers and police forces of Honduras broke up a camp of peaceful Indian protesters this past week in front of the presidential mansion in Tegucigalpa, the capital. The issue was land, and the Honduran regime has been sadly consistent in this affair. The governments of Honduras and every other country in the Western Hemisphere have abused, failed and taken the land of almost all of the inhabitants whose ancestors saw the first Europeans come ashore 500 years ago.

The Honduran Indians are calling for a fair restitution of ancestral lands and an investigation into the murders of some of their tribal leaders. Chances that they'll get either are slim.

Natives of the towns of Lenca, Chorti, Tolupan, Xicaque, Pech and Garfuna, along with the Misquito tribes, are demanding their rights, correctly pointing out that they were first deprived of their land by Spain's conquistadors. That's ancient history but clearly the beginning of a problem that has become more intractable with time. The Honduran tribes' march to the capital demonstrates that they are running out of patience, but so far they have refrained from violence.

In a futile attempt to solve land disputes in the 1980s and '90s, different Honduran administrations implemented a series of partial and inefficient agrarian reforms. As the reforms were being executed, so too were peasant leaders. Private armies and the military were accused in the killings, but no one stood trial.

A responsible government would investigate the killings. The Honduran Indians have sought land, justice, even mere compensation for 500 years. They should not be made to wait longer.

— Los Angeles Times.

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France Clung to Mobutu Too Long: A Warning

By Jim Hoagland

WASHINGTON — The phone rang in my Beirut apartment on a humid summer day in 1975 with what I was sure would be the first of many indignant calls praising or challenging a series The Washington Post had started publishing that morning. My articles detailed extensive, corrupt connections between U.S. corporations and Arab moneymen who sought to buy political and national security influence in America.

"That was a heck of a piece," my American caller said down the long-distance line. "Could you tell me the phone number of that Adnan Khashoggi guy? I've got a deal he could be helpful in."

I hung up in disbelief. But by the end of the series, calls and letters dedicated to doing deals far outnumbered those expressing indignation at international corruption. I had gained a new perspective on an age-old phenomenon that stands at the heart of world politics and of globalization today.

The final, chaotic days of Mobutu Sese Seko in Zaire point up how much has changed and how much remains the same in the scramble for commercial and personal advantage when governments and political systems are under stress.

"We always said it was Mobutu or chaos, but in the end it was Mobutu and chaos," a French official observed glumly as the rebel forces commanded by Laurent Kabila began their big push on Kinshasa this past week. The official was acknowledging that Paris, operating under a generation-old vision of its centrality to postcolonial Africa, clung to its own crook too long and would now pay a price.

American, British and South African businessmen have been eagerly hunting down the cellular telephone number of Mr. Kabila and closing deals in the jungle as the civil war raged. French firms stuck with Marshal Mobutu, to the point of paying the bills for Serb mercenaries, who failed to shore up the dictator's crumbling defenses.

Or so the story goes. Few in France would believe that their government did not have a hand in recruiting those mercenaries. That would be standard practice in the secret networks that French governments have nurtured with Africa to replace the colonial links dissolved three decades ago.

Aid grants and business contracts flow along the networks from Paris to African governments, which then kick back large sums to the political parties in France, according to Jean-François Bayart, director of the Paris international-affairs think tank known as CERI, and many others.

As Mr. Bayart pointed out this past week in the Paris daily Le Monde, the system was created by the Gaullist leader Jacques Foccart. But it also flourished during 14 years of rule by the Socialist François Mitterrand, who put his son in charge of Africa. Even after Zaire, Mr. Bayart predicted, "France will not renounce Foccartism. All the political parties continue to benefit from it."

I wonder. There is something nostalgic, even anachronistic, about the French standing with Marshal Mobutu to the last cobalt contract. This represents old thinking that probably cannot be sustained in the modern game of influence buying and peddling.

Today's more entrepreneurial global economy does not tolerate sentimentality or slowness. Anglo-Saxon politicians and businessmen grasped quickly that Mr. Kabila's war, backed by Zaire's English-speaking neighbors and Angola, offered a wonderful diversification opportunity.

The Anglo-Saxon style in these matters avoids permanent networks and overly intimate entanglements with Third World despots. Washington simply turned a blind eye to Marshal Mobutu's theft of billions and got on with its political and diplomatic dealings with him.

While the French sought their slice of Marshal Mobutu's rotten pie, the Americans pretended not to know how it had been baked.

Such moral blindness carries its own risks in societies that are not as forgiving or as dependent on outside help as those of sub-Saharan Africa.

Corruption is the biggest single political issue on the horizon in Russia and China as assets once owned by Communist governments are strip-mined by the politically powerful. Corruption powers the grievances of dissidents in oil-rich Saudi Arabia and Indonesia. Corruption undermines President Bill Clinton's hopes for a stronger partnership with Mexico.

But the response from Washington is to see, hear and speak little or no evil — not to make corruption a big issue in dealing with these countries. The commercial diplomacy pushed by this administration has instead helped encourage Americans and others to pursue narrow economic advantage even harder and to discount the problems that corrupt practices inevitably create.

Paris is about to harvest its punishment for tolerating too much from Marshal Mobutu too long. It is a lesson that should not go unnoticed by Washington in its eager reaching out to grasp the next set of sticky fingers.

The Washington Post.

U.S. Armed Services Need Enough Money to Get the Job Done

By Fred Hiatt

WASHINGTON — It's almost enough to make one nostalgic for Caspar Weinberger and the contentious 1980s. In all the current arguing about balancing the U.S. budget and cutting taxes, no one is fighting over defense.

This nondebate isn't due to the military's being a nonissue. On the contrary, almost everyone agrees there's a major mismatch between the Pentagon's strategic goals and the money it's slated to receive during the coming years. But it's peacetime, and no one wants to spend more. So you can look forward to all manner of hypocrisy in the coming months.

The administration is finishing a congressionally mandated quadrennial review of threats, capabilities and long-term needs. This review, it will say, has been "strategy based," not "budget based" — which is perfectly true, as long as you understand that no strategy was allowed into consideration if it cost more than about $270 billion per year.

Conservatives in Congress will demand the Pentagon spend more on weapons procurement, and especially on the hallowed cause of missile defense — as long as total spending doesn't rise and no dollars are diverted from bases, depots or contractors in their districts. Liberals want the military to do more, too — bringing democracy to Haiti, keeping the peace in Bosnia and so on — but they will argue the Pentagon can do it for less. After all, the Cold War is over; where's the peace dividend?

In fact, since the end of the Cold War the military has shrunk from an active strength of more than 2.1 million men and women to just over 1.4 million. Annual spending has decreased since the height of the Reagan buildup from about $400 billion to about $250 billion, in equivalent, inflation-adjusted dollars.

Yet deployments haven't slowed down, and congressional studies suggest the military is growing a bit ragged at the edges as a result. Budgets for weapons modernization keep getting diverted to current operations and readiness, with procurement pushed further into the future each year.

This clearly isn't good. Why should it be acceptable to hawks and doves alike? Here are some of the arguments you will hear:

• The nature of war is changing, so the Pentagon doesn't need so many planes, ships and tanks. Instead, it will control the battlefield of the 21st century with — and here you may fill in the blank as you choose. Computers, satellites, laser beams; whatever it is, the experts assure us it will cost less.

It's true that the military has to keep up with revolutionary change in weapons technology. Historical precedent does not suggest, however, that this will save money. In the meantime, the Pentagon must be prepared to deter wars today — with planes, ships and tanks.

• The United States should spend more on diplomacy and war prevention instead of throwing dollars at the military.

Well, the first part is true. Shortsighted is too kind a word for a policy that spent billions fighting communism in Central America and now begrudges tens of millions to shore up democracies there. But diplomacy isn't a substitute for military strength; it depends on it.

• The United States can't afford to spend so much on its military.

This was a common argument in the 1980s, when the United States was devoting more than 6 percent of its total economy to defense; that's why we were losing out to Japan, it was often said. Since then, Japan's economy has gone into the tank, and the U.S. economy is the envy of the world. Defense spending, meanwhile, has declined to about 3 percent of the total U.S. economy.

• The United States should pull troops and ships back from Japan and Europe, which are plenty rich enough to defend themselves.

They are, and the United States could defend its own territory for a lot less than $270 billion per year. But by staying engaged in the world, the United States isn't just doing favors for its allies; it's enforcing rules and defending interests that pay off many times over, commercially and otherwise. Pulling back is fine if you don't mind asking Japan's permission, say, when it comes time to defend Taiwan. But if you want to control your own destiny, you have to pay a price; and if you want to maintain the peace, you have to work at it.

• The Pentagon could find all the money it needs by eliminating waste, fraud and abuse.

Defense Secretary William Cohen will soon appoint a task force to push the Pentagon toward more businesslike operations.

But every defense secretary from Robert McNamara through William Perry hoped to save billions of dollars through reforms, billions that always prove elusive. And most of the reforms that would really save money will be challenged by those champions of national security on Capitol Hill.

For example, Trent Lott, the Senate majority leader, is demanding that the navy abandon what's cost-effective and throw more business to his home-state shipyard — never mind the cost. The air force planned to move four unneeded transport planes out of Kentucky, and so Senator Wendell Ford has put a hold on the promotions of five air force generals.

The Washington Post.

In Internal Wars, Air Power Should Have the Edge

By Benjamin S. Lambeth

PLAYA DEL REY, California — With the May 19 reporting date for the Pentagon's Quadrennial Defense Review almost upon us, there should be no mistaking the core challenge facing American defense planners. The issue of greatest note concerns needlessly duplicative service roles and weapons programs at a time when procurement funds are at a near all-time low.

The most important choice lies between new air and space technologies offering a proven edge in combat effectiveness and an increasingly anachronistic approach in which America's air and space assets are viewed solely as supporting adjuncts to surface forces. Ever since the successful conclusion of Operation Desert Storm six years ago, an impasse has existed between soldiers and airmen over this issue.

Although there has been recurrent sparring between the air force and navy over the extent to which carrier-based aviation has contributed its fair share for the disproportionate cost it represents, the main confrontation has been between the air force and army over the more basic question of whether air power — in all services — has displaced land power in contributing the most toward achieving joint-force objectives in war.

Without question, this issue has high budgetary stakes. Yet it ultimately involves a more principled clash between what have become, in effect, two opposed American ideologies of warfare. The army continues to insist that the proper role of air power is to support land operations. It remains wedded to the mantra that "boots on the ground" constitute not just the definitive measure of victory in war but an indispensable precondition for achieving such victory.

In contrast, air power professionals maintain that the synergy of stealth, precision attack capability and what has come to be called "informative dominance" now enables the nation's air and space assets to produce decisive results on the ground at only a fraction of the previous cost in human life.

No responsible air power professional has claimed that air power can invariably substitute for land power or that the new capabilities of air and space power obviate the need for robust land forces. Yet airmen insist, and rightly so, that air and space assets now have the potential to carry the lion's share of the burden for determining war outcomes, thus enabling surface forces to achieve their goals with a minimum of effort and bloodshed.

It was not by luck or happenstance that of more than 500,000 troops deployed in Desert Storm, the coalition suffered only 148 fatalities in the five weeks of actual fighting. This suggests the main role of land power may now be merely to secure a victory rather than to achieve it. Naturally, such a conclusion is hard for surface warfare professionals to swallow.

Nevertheless, although it took all force elements to produce the allied victory in Desert Storm, the army's 100-hour ground offensive was preceded by more than a month of nonstop aerial preparation, which singularly accounted for the army's low incidence of fatalities.

Current American air and space options offer the promise of dealing decisively with enemy ground forces from standoff ranges, thus eliminating a threat to U.S. troops who might otherwise have to engage their enemy counterparts directly and run the risk of sustaining high casualties. This not only permits but indeed dictates major trades among service roles, in the interest of eliminating needless duplication and getting the most out of the nation's declining defense dollars.

The writer, a defense analyst writing a book on American air power, contributed this comment to the Herald Tribune.

Time to Deep-Six the Dictators

By A. M. Rosenthal

NEW YORK — And now NATO will expand its membership, to help protect democracy and Western civilization in Europe. But outside Europe, in Asia and the Middle East, its members and partners will continue doing everything they can get away with to strengthen dictatorships that are the enemies of democracy and Western civilization.

Studiously and persistently, NATO members continue to ignore or pervert the most important international choice they face — how to deal with those dictatorships.

For a decade, Western leaders have said the choice was between "isolating" the dictators, which they think dangerous, or "engaging" them in the hope that they can be talked into not being bloody-handed tyrannies, or maybe not quite so bloody.

The real choice is far different — collaboration with dictatorships, or democratic self-protection.

Shall we continue to make dictators stronger politically, economically and militarily? Or shall we refuse to transfer to them the technological, military and money power created under Western democracy, and which they can one day use against us?

The talks on NATO expansion did not even deal with that. Now only the U.S. Senate can save us from NATO's deliberate failure.

The choice has faced the West for generations. Three times it chose collaboration — with Hitler, Japan, Iraq — until they made mistakes that brought the West into war against them.

But in those days at least we knew what was going on — appeasement of the dictators, and betrayal of their victims. Churchill, Roosevelt, de Gaulle let the world know.

Now Western political and business leaders, without public discussion or personal shame, choose their favorite dictatorships — meaning with the most contracts.

China is their first pick. In their insipid self-delusion, Western nations believe that there the cash register rings loudest. Chinese leaders are the smartest in the world. They have made America believe it is in its interests to suffer a more than $30 billion annual deficit in its China trade, damage its own manufactures and kiss hand for the privilege.

The United States frowns on deals with Iran, Iraq and Cuba. Western Europe says who are you to lecture us when you too are deep in the China trough?

Russia, our newly proclaimed partner, busily arranges military and nuclear deals with Iran. And from all over Europe, businessmen traipse to Baghdad. They line up contracts against the day their governments succeed in lifting the UN embargo.

Western leaders know what to do. About China, end the huge Western financial contribution to its military potential by refusing trade with the hundreds of companies owned by China's army. Stop Western aviation and technology companies from helping Beijing duplicate their plants.

Does anybody believe that if the United States, Britain, France and Germany took such steps the rest of NATO, or Russia or Japan, could hold out?

The goal would not be to "isolate" all dictators but to force them to real "engagement" that might reduce their threat to Western society and loosen their oppression at home.

The Clinton administration has consulted every foreign country involved on expanding NATO — but not the American people, who will have to take the risk of getting involved in still more of what the Czech president, Vaclav Havel, calls Europe's "tribal passions."

Bill Clinton will not end collaboration for the United States, let alone for NATO. Responsibility passes to the Senate. The Senate has a chance that will not come again: to demand, before it agrees to expand the alliance, that NATO members not expand the power of hostile dictatorships.

May American senators have the strength and wisdom to choose protection of democracy over collaboration with dictatorships that would destroy it.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Greek Defeat

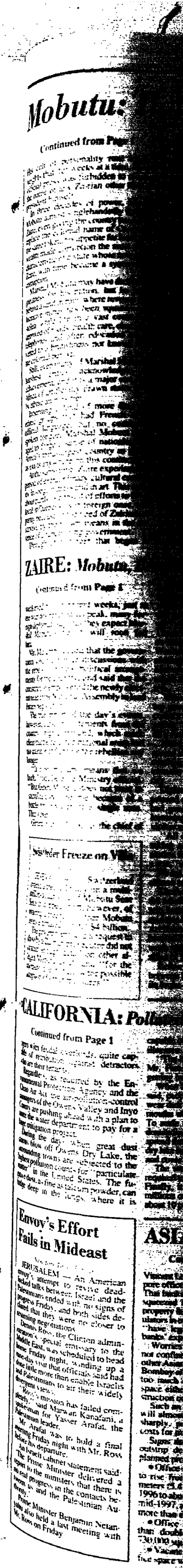
PARIS — Greece's last struggle with the invader whom she so boldly defied has terminated in final defeat. The Turkish forces are said to be in possession of Domoko, which would mean that the Hellenic army has been hopelessly routed and nothing can now prevent a victorious march on Athens, unless hostilities be forthwith suspended. The Great Powers are unanimously determined not to allow Turkey to secure the fruits of her victory. The question is how are they going to impose their wishes on the conquerors?

1922: Unhealthy Sport

PARIS — A vigorous campaign is being pursued in England against the increasing popularity of masculine sports among women. Seemingly, it cannot be dismissed lightly as a reactionary anti-feminist movement, nor does it appear to be merely one aspect of post-war repentance for hastily awarded liberties. Supported by eminent educators and physicians, the movement rests on biological verities. The pursuit by women of football, hockey and other vigorous sports is not lamented as unwomanly, but is opposed because of considerations of the racial good.

1947: A Saner Method

NORTHFIELD, N.J. — It is now possible for the first time in twenty-four years to obtain a marriage license here without going to the insane asylum. Dr. Edward Guion, city registrar of vital statistics and medical director of the insane asylum, has been issuing licenses from his office at the asylum since 1923. Now he has retired, and Mrs. Rice has been appointed registrar and will issue licenses at the city hall.



Mobutu: The Model of an African Autocrat

Continued from Page 1

His cult of personality rose to such heights that, for weeks at a time, Zaire's official press was forbidden to mention the name of any Zairian other than the president himself.

In three decades of power, Marshal Mobutu almost singlehandedly invented Zaire, even giving the country its name to replace the colonial name of Congo. By the same token, his appetite for luxury and wealth made corruption the most salient characteristic of a state whose new name, Zaire, with time became a synonym for corruption.

Marshal Mobutu may have dreamed of greatness for his nation, but he leaves behind a land in ruin, where revenue from lucrative mines has been squandered or stolen, while life in a vast countryside deprived of roads, health care, electricity, telephones and often education has reverted to a brutishness not known since the colonial period.

Still, even many of Marshal Mobutu's harshest critics acknowledge one achievement, and it is a major one in an Africa of artificially drawn states riven by ethnic animosities.

Inheriting a land of more than 450 ethnic groups that had French as an official language, but no commonly spoken tongue, Marshal Mobutu managed to forge a sense of nationhood in Africa's third-largest country as strong as exists anywhere on this continent.

At the same time, Zaire experienced a period of extraordinary cultural creativity, in song, in dress and in art. This came about partly as a result of efforts to favor local influences over foreign ones, and partly because of the need of Zairians to survive by their own means in the absence of a functioning government.

Throughout a career that began at independence from Belgium, during the height of the Cold War, Marshal Mobutu seemed to thrive on crises, buying off enemies when he did not kill them outright, and currying favor with Washington by allowing his country to be used as a base in wars against Soviet influence in central and southern Africa.

But Laurent Kabila's seven-month fight revealed Marshal Mobutu's army to be toothless and his government an empty shell. In the end, the undoing of a man known as a master calculator resulted from a long series of costly misjudgments of a sick and aging politician well past his prime.

Challengers often paid with their lives, like four former cabinet ministers who were publicly hanged.

Marshal Mobutu's ascent began in September 1960, at the dawn of Zaire's independence, when he seized power during quarrels between President Joseph Kasavubu and Patrice Lumumba, the country's first prime minister. Joseph Mobutu, a journalist and army sergeant, was picked by Mr. Lumumba as chief of staff and prodded toward the center of the political stage by the U.S. Central Intelligence Agency.

During the early independence years, the CIA called most of the shots in Zaire. Although he has always denied it, many scholars believe that Marshal Mobutu helped organize the 1961 execution of Mr. Lumumba at the urging of the CIA.

When Marshal Mobutu finally seized power outright, on Nov. 24, 1965, after American help enabled him to extinguish a series of regional uprisings by followers of Mr. Lumumba, he wasted little time putting his stamp on Zaire.

By Zairian standards, Marshal Mobutu's early years in office were a period of relative calm, even if sporadic troubles continued here and there, notably in South Kivu Province, where a sputtering rebellion led by one Laurent Kabila refused to die.

Marshal Mobutu ordered the creation of a sole, powerful political party, the Popular Revolutionary Movement, making membership obligatory for all Zairians.

With time, the president's style of rule became both insular and absolute. Challengers, both imagined and real, often paid with their lives, like the four former cabinet ministers whom Marshal Mobutu had publicly hanged before 50,000 spectators.

As an unmistakable Mobutu style began to emerge in the late 1960s and early 1970s, it became clear that the Zairian leader's ambition was to fashion a great African state.

Marshal Mobutu began to study other dictatorships, drawing freely from them.

Mobutism became the new national ideology, and since a constitution written to please him provided the president unlimited powers, Marshal Mobutu's words took on the force of law.

By 1970, with the mineral-based economy growing fast, Marshal Mobutu felt secure enough in his rule to make known his grandiose vision for Zaire. At an extraordinary party congress that year, he announced a bid for national greatness called Goal 80.

Mirroring Mao's disastrous Great Leap Forward, the plan consisted of a 10-year program to double copper production, industrialize the country with steel mills and deep-water ports, and undertake a program of huge investments in Kinshasa, Kisangani and around the southern mining capital, Lubumbashi.

The largest project of all was the Inga dam, at the time one of the world's largest hydroelectric dams, followed by the 1,800-kilometer-long Inga-Shaba power grid, a direct current line spanning dense forest and empty savanna on its route to the copper-rich, independence-minded Shaba Province, which Marshal Mobutu's project aimed to make dependent upon electricity supplied from far away.

When the World Bank refused to finance the project, the U.S. Export-Import Bank stepped in, in a gesture of political support for a man considered to be a vital Cold War ally.

In 1973, Marshal Mobutu announced a policy of expropriating farms and businesses owned by non-Zairians. As might have been expected, the nationalizations and handing out of businesses to politically selected Zairians were initially deeply popular. It was not long, however, before things began to go badly wrong. With almost no prior experience in the businesses they inherited, many Zairians quickly sought to lure foreigners back to run them in their place. Others simply sold off their goods and failed to re-stock.

Soon Zaire's economy was near collapse. One group of people, however, benefited far more than others, and in lasting ways from the Africanization program: Mr. Mobutu and a small circle of relatives and friends.

It was not until the collapse of copper prices, in the mid-1970s, that Marshal Mobutu reluctantly began to change economic course.

But by then, no one would lend to Zaire any longer, foreign aid programs were cut back sharply, inflation was galloping and the grand state that he had set out to build began to decay.

Marshal Mobutu survived a series of crises, the most serious of which were invasions of Shaba Province in March 1977 and May 1978 by remnants of the Katangese rebel force that had sought independence for that region shortly after independence.

The two Shaba invasions, both mounted from Angolan territory, quickly revealed the battlefield ineptitude of the Zairian Army, and in both instances, foreign troops had to be summoned to put down the rebellions.

In addition to the mineral wealth of Shaba, with 80 percent of the world's cobalt reserves and 20 percent of its copper supplies, Marshal Mobutu won backing from Washington, which had been using Zaire as a weapons supply and staging area for support of the anti-Communist UNITA rebel movement fighting the Marxist government in Angola.

With the end of the cold war, Marshal Mobutu's relevance to Washington and most of the West declined sharply.

Marshal Mobutu experienced a brief return to international relevance with the 1994 civil war and mass killing in Rwanda. More than a million Hutu, many of them participants in the killing of members of the Tutsi minority, fled into Zaire after Tutsi insurgents seized power.

The end for Marshal Mobutu came with surprising speed, after Rwanda's Tutsi-led government supported an uprising by Zairian Tutsi who had come under attack in eastern Zaire.

In three weeks in October 1996, what had been a Tutsi uprising turned into a full-blown political rebellion against Marshal Mobutu led by Mr. Kabila.

The Associated Press

Better days: Lieutenant General Joseph Mobutu of the Republic of the Congo (as he was then) visiting President Richard Nixon at the White House in 1970, at a time the cult of Mobutism was just beginning.

ZAIRE: *Mobutu, Beaten, Flees Kinshasa*

Continued from Page 1

weakened him in recent weeks, just as the war has reached its peak, many foreign diplomats say that they expect Marshal Mobutu's health will soon fail him.

Mr. Mulumba added that the government would continue discussions with the rebels over new political arrangements for the country, and said that the constitution empowered the newly elected head of the National Assembly to lead future negotiations.

The true import of the day's events, however, came in statements from the country's high command, which made clear that the defeated national army had no intention of fighting the rebellion any longer.

"It is not military means that we lack," said a Defense Ministry official. "But General Mahele does not want to sacrifice a whole people because of a battle for the power of a single man. That's over."

General Mahele Lioko is the chief of staff, deputy prime minister and defense minister of Marshal Mobutu's army, and was one of three top generals, including the prime minister, Likulia Bolongo, who visited with Marshal Mobutu late Thursday to inform him that they could no longer defend the city or protect him. Western diplomats said the generals, including the commander of Marshal Mobutu's Presidential Guard, then urged the president to leave the country.

Western diplomats said that Zaire's top generals had already begun to make contact with the rebellion, and were preparing "to open the city" to Mr. Kabila's forces.

News of Marshal Mobutu's departure spread slowly about Kinshasa on Friday morning, and life in the capital was virtually normal through most of the day.

Diplomats and Zairian officials expressed optimism that the day's events had gone a considerable ways toward lessening the risk of an explosion of violence in the city.

"All of the measures we have been taking are intended to make the population feel secure, and not at all to fight a war," a Defense Ministry official said. "We are doing the best we can to give a chance to the negotiations."

The form that future negotiations with the rebellion will take remained uncertain, however. Mr. Kabila has repeatedly said that he would not accord any role to Archbishop Laurent Monsengwo, the head of Parliament, and would refuse to work with any politicians who had been allies of Marshal Mobutu.

Before the South African-led talks between Marshal Mobutu and Mr. Kabila broke down, diplomats had hoped to get both sides to accept a South African proposal for the formation of a new government, led by Mr. Kabila, but allowing for broad representation of other political parties.

For his part, Mr. Kabila has said that he will form a "responsible government," that will rule a minimum of two years before holding what he recently called "popular elections."

■ Clinton Calls for Democracy

President Bill Clinton said Friday that he looked forward to a transition to democracy in Zaire, The Associated Press reported from Washington.

"It does appear he has left Kinshasa," Mr. Clinton said of Marshal Mobutu. "The U.S. position is clear: We want to see a transition to a genuine democracy."

Santiago Lyon/The Associated Press

An Egyptian Embassy limousine from Kinshasa aboard a ferry taking Zairians to Brazzaville, Congo.

Swiss Order Freeze on Villa

Reuters

GENEVA — Switzerland ordered a freeze Friday on a multimillion-dollar villa of Mobutu Sese Seko. It stopped short, however, of ordering a freeze on other Mobutu assets estimated to total $4 billion.

The government said a request to do so by a Zairian prosecutor did not contain enough detail on other alleged Mobutu assets and "for the moment, does not allow the possible adoption of other measures."

CHIRAC: *Conciliation in China*

Continued from Page 1

record at the United Nations Human Rights Commission in Geneva.

France's decision in April was joined by Germany, Italy and Japan, leaving Denmark among the smaller European nations to co-sponsor with the United States a resolution criticizing China for its persecution of religious and political dissidents. The resolution was defeated, as it has been each year it has been brought before the body.

Mr. Chirac's comments were significant in that they reflect the fatigue in the resolve that was galvanized eight years ago in the aftermath of the Tiananmen massacre to use sanctions and other pressure to win the release of thousands of political prisoners here.

Many political prisoners have been released since 1989, but many more are incarcerated each year, including bishops, priests and other religious leaders.

The president's remarks also reflect domestic political pressures in France, where a sluggish economy and persistent unemployment have forced political leaders to pursue a more aggressive marketing strategy in international trade, while muting concerns about human rights.

But the French reversal, and Beijing's economic inducements, also demonstrate the success of a larger diplomatic effort by China to divide and conquer its international critics.

By pursuing a closer "strategic partnership" with Russia, and by opening its markets to German, French and Japanese technology firms, China has gradually undermined the coordinated international effort, led by the United States, to pressure Beijing to end some of the harsh measures that have characterized hard-line rule since 1989.

Internal Communist Party documents circulating among Western intelligence agencies indicate that Beijing's strategy has less to do with forging genuine "strategic" alliances against Washington, and more to do with creating maneuvering room for a weak government in Beijing that is seeking to consolidate its power after the death of Deng Xiaoping.

Mr. Chirac, speaking at a news conference, saluted "the spirit of French conquest" and "combativeness" in the international marketplace. He asserted that Paris's more conciliatory approach already was paying dividends with the pledge by President Jiang Zemin that China would sign one of two UN covenants on human rights before the end of the year.

It appears that Mr. Chirac, in his meeting with the Chinese president, did not mention the cases of prominent dissidents, such as Mr. Wei and Mr. Wang. But he said that their cases were raised during a meeting of foreign ministers.

He said he was convinced that international pressure on China was "not advancing the cause of human rights" and should be replaced by a policy of "exchanges and consultation."

His hosts seemed ecstatic at the tone of these comments, and in a joint statement they declared a "global partnership" and welcomed a new world order of "multipolarity that is replacing the bipolar structure inherited from the past." This language was similar to that issued by Chinese and Russian leaders last month, when Mr. Jiang went to Moscow.

Mr. Chirac refused to say whether France was preparing to break one of the last remaining international sanctions on China — the ban on weapons sales to Beijing. "This is not a topical question," he stated, adding that France would, however, abide by its commitment not to sell weapons to Taiwan.

The sale of 60 advanced Mirage fighter-bombers to Taiwan in 1992 triggered a major rupture between Beijing and Paris and put Paris at a disadvantage in the competition for lucrative contracts on the mainland.

With this four day state visit, on which he is being accompanied by some of France's leading industrialists, Mr. Chirac seems determined to make up for those losses.

"France doesn't fully have the place it deserves here," he said on his arrival.

CALIFORNIA: *Polluted Valley Thirsts to Refill the Lake That Los Angeles Diverted*

Continued from Page 1

agers with feudal overlords, quite capable of retribution against detractors who are their tenants.

Regardless, as required by the Environmental Protection Agency and the Clean Air Act, the air-pollution-control managers of the Owens Valley and Inyo County are pushing ahead with a plan to force the water department to pay for a huge mitigation project.

During the days when great dust storms blow off Owens Dry Lake, the surrounding towns are subjected to the highest pollution counts for "particulate matter" in the United States. The fugitive dust, as fine as talcum powder, can lodge deep in the lungs, where it is capable of causing numerous respiratory illnesses.

"The hacking, coughing, sneezing," Mr. Patterson said. "You can feel it getting into your lungs."

When the storms begin, Mr. Patterson said, people stay indoors and sometimes wear dust masks or bandannas over their mouths when they must venture outside. To settle the dust, the Owens Valley is demanding that the water department spread thousands of tons of gravel on the dry lake bed, enough to fill 175,000 trucks and cover 5,000 acres (2,000 hectares).

The water department also would be required to plant 9,000 acres of salt grass. Finally, it would be forced to give up millions of gallons of precious water — about 10 percent of Los Angeles's supply — to refill a portion of the lake. The estimated construction costs for the project are approaching $100 million, plus $28 million a year — forever — to purchase new water. The deadline is 2001.

"They broke it," said Richard Knox, a retired water department manager now living in the Owens Valley, "so they ought to fix it. That's the American way."

But the department is not going to give up a drop of the precious liquid without a fight.

Los Angeles water managers have said they do not think the dust storms are that harmful to health. In any case, the water department says it does not believe the mitigation efforts will work.

Jerry Gewe, engineer of water resources for the department, said the department would ask for an independent scientific panel to be set up and request more testing, which would take about five years. If the department was not happy with the results and plans after that time, it would go to court.

Theodore Schade, the projects manager for the Great Basin Unified Air Pollution Control District, the agency in the Owens Valley pushing for the mitigation efforts, said Los Angeles was "in denial."

Mr. Schade added: "It's not optional to obey the Clean Air Act. It's not political. It's the law."

Mr. Schade admitted that the solution his agency was proposing was not perfect. Ideally, he said, the agency would like to refill the lake. But he said it was impossible to wring that much water from Los Angeles.

Beyond the money, Mr. Gewe said he was unhappiest about giving up so much water.

The water department provides water for 3.6 million people, who use about 200 billion gallons (750 billion liters) a year. The city takes more than half of that water from the Owens Valley. If it must replace water used to refill Owens Lake from the open market, it will have to buy it from the Colorado River or Northern California, which would raise water rates for Los Angeles users about 10 percent, Mr. Gewe said.

Mr. Gewe added, "Without imported water, eight of every 10 people living in Los Angeles would have to leave."

BBC Says Inquiry On Chunnel Blaze Has Found Arson

The Associated Press

LONDON — A BBC report says French investigators have concluded that a fire that closed the Channel Tunnel last year was started deliberately.

British Broadcasting Corp.'s Newsroom Southeast program quoted sources that it said it could not identify.

The fire broke out Nov. 18 in a shuttle train carrying freight trucks from France to England. A report by safety experts in Britain this week criticized the emergency procedures of Eurotunnel, but made no finding on the cause of the fire.

In France, the state prosecutor in Boulogne-sur-Mer, where the investigation is based, said the report had not been leaked by judicial sources.

"I don't know where this information is coming from, but it's not from judicial sources," the prosecutor, Gerald Lesigne, told the daily Voix du Nord.

A Eurotunnel spokeswoman, Anne Leyva, said she had not seen the results of the French investigation and could not confirm or deny the BBC report. The preliminary findings of the investigation are due to be released next week.

Envoy's Effort Fails in Mideast

New York Times Service

JERUSALEM — An American envoy's attempt to revive deadlocked talks between Israel and the Palestinians ended with no signs of progress Friday, and both sides declared that they were no closer to resuming negotiations.

Dennis Ross, the Clinton administration's special emissary to the Middle East, was scheduled to head home Friday night, winding up a nine-day visit that officials said had done little more than enable Israelis and Palestinians to air their widely divergent views.

"Ross's mission has failed completely," said Marwan Kanafani, a spokesman for Yasser Arafat, the Palestinian leader.

Mr. Arafat was to hold a final meeting Friday night with Mr. Ross before his departure.

An Israeli cabinet statement said: "The Prime Minister delivered a report to the ministers that there is no real progress in the contacts between us and the Palestinian Authority."

Prime Minister Benjamin Netanyahu also held a last meeting with Mr. Ross on Friday.

ASIA: *Overbuilding Puts Growth at Risk*

Continued from Page 1

Vincent Low, an economist in the Singapore office of J.P. Morgan, said that with Thai banks and finance companies being squeezed by the diminishing value of property held as collateral for loans, regulators in other Southeast Asian countries "have legitimate concerns about their banks' exposure to real-estate lending."

Worries about Asian overbuilding are not confined to Southeast Asia. Among other Asian cities, Shanghai, Beijing and Bombay also are considered to have far too much office and luxury-apartment space either on the market, under construction or planned.

Such an oversupply in so many cities will almost certainly cause rents to fall sharply, providing a welcome cut in costs for many foreign businessmen.

Signs that building construction will outstrip demand in Southeast Asia if planned projects go ahead include these:

- Office space in Kuala Lumpur is set to rise from less than 500,000 square meters (5.4 million square feet) in mid-1996 to about 2 million square meters by mid-1997, and retail shopping space is to more than double by 1998.
- Office space in Manila will more than double by 1998, to more than 730,000 square meters.
- Vacancy rates in Jakarta, where office space will nearly double by 1999 to 150,000 square meters, are running at more than 12 percent and rising.
- Only half of the projected 12,000 private residential units that are expected to come onto the market in Singapore in 1997 are likely to be sold, leaving a backlog of more than 16,000 unsold units by the end of the year.

Analysts said that until demand caught up with supply, prices and rents for office, retail and up-market condominium units were likely to continue to fall in Southeast Asian capitals and some construction projects would be canceled or deferred.

BLAIR: *London Drops Ban on Meeting With Sinn Fein Leaders*

Continued from Page 1

periodic rioting. An 18-month "cease-fire," the brightest days in modern Northern Ireland history, ended when the IRA blew up an office complex in London in February 1996.

Afterward, Sinn Fein was banned from multiparty talks in Belfast chaired by a former U.S. senator, George Mitchell. Those negotiations began last June but have never gotten past procedural discussions. The governments of Britain and Ireland have remained firm in refusing to allow Sinn Fein to take part until the IRA restored its cease-fire. Restoration was Mr. Blair's aim Friday.

Mr. Blair, with a large Labour majority in Parliament, has considerably greater political flexibility on Northern Ireland issues than did Mr. Major, whose minority government was dependent on unionist members of Parliament to win important votes. On the other hand, British public opinion generally remains hostile to Sinn Fein and to the IRA, a hostility intensified because of continued IRA bombings and disruptions on the British mainland during the general election campaign.

"We know the situation here is fragile and fraught," Mr. Blair said. "There may be only one chance given to a new government to offer a way forward. Our very newness gives possibilities. But governments are not new forever.

"There are times when to calculate the risks too greatly is to do nothing; there are times, too, when a political leader must follow his instinct about what is right and fair.

"Our destination is clear: to see in place a fair political settlement in Northern Ireland — one that lasts, because it is based on the will and consent of the people here."

100, 75 AND 50 YEARS AGO

1947: A Saner Method

Money Chasing Status: A Historic Week

International Herald Tribune

NEW YORK — A historic week came to an end Thursday as Christie's "minor" sale of Impressionist and Modern Art added another $21.87 million to the $119.86 million spent Wednesday night — bringing Christie's total sales in just four days to $234.52 million. Add $100.5 million chalked up by Sotheby's, and the conclusion that money was flowing into the art market from every side seems obvious.

But there was a lot more to the historic week than money. The whole market has been transformed from the way it operates to the aesthetic criteria that increasingly guide our society and, therefore, determine prices.

A new aesthetic relativism was made startlingly obvious in Christie's auction of 29 works collected by the late John and Frances Lehman Loeb. Greeted with the

Christie's

Cezanne portrait of his wife, which sold for $19.7 million ; Manet self-portrait, $18.7 million.

SOUREN MELIKIAN

usual piece of hagiography when auction houses are eager to enhance an assemblage with a private provenance, the Loeb collection was a mixed bag. Never before in auction house annals had kitsch genre scenes by café society painters, such as Giovanni Boldini and James Jacques Joseph Tissot, hung side by side with Manet, Cezanne and Seurat at their boldest.

Not too long ago, the contrast would have killed Boldini and Co. This week it most certainly did not. Boldini's 1873 watercolor, "La Lettre," showing a woman decked out in the height of fashion and striking an affected posture as she reads a letter tripled its highest estimate and, at $255,500, set a new record for a work on paper by Boldini. Seconds later, Tissot's quasi-photographic portrait of another woman that seemed to step out of a fashion magazine with little else to recommend it whizzed to $1.87 million.

Then, without transition, the auction sailed into the ultra avant-garde art of that time with one of Georges Seurat's small sketches done in oil around 1884-1885 for "Un dimanche a la Grande Jatte." Painted in quickly juxtaposed color dots that transcribe the shimmer of light on grass and water, it borders on abstraction.

The sketch shot up to $1.54 million. There is no common artistic ground between the Tissot and the Seurat, but they do have one common denominator: Both project strongly defined images of their own aesthetics and that, in the age of sound bites, is the new passport to commercial triumph, as was shown throughout the Loeb sale.

This applied even to the greatest works. Manet's self-portrait is the artist's starkly archetypal likeness. There is no concession to costume picturesque or background ornament. Everything is in the haunting intensity of the clear scrutinizing eyes. At $18.7 million, it became Manet's most expensive portrait ever.

Toulouse-Lautrec's portrait of a seated ballet dancer with her face robbed of its freshness by heavy makeup may have lacked the bite of his more acidic essays in human observation. But the typical nervous strokes and the strident colors gave it the required badge of identification. It went for a phenomenal $14.5 million.

Perhaps the most interesting test was Cezanne's dour portrait of his wife posing in an armchair, hands crossed in frozen boredom.

It is not quite Cezanne at his greatest but few such portraits are left. Ernst Beyeler, one of the greatest dealers in 20th-century art, wanted to hang one in his museum, the Beyeler "fondazion," which is scheduled to open in Basel on Oct. 16. The price: $19.7 million.

That the instantly identifiable image mattered more than artistic achievement was repeatedly demonstrated. Renoir's standing nude woman, which qualifies as a sleek essay in ornamental eroticism, cost a breathtaking $4.2 million — more than Gauguin's vastly superior still life ($3.4 million) — to say nothing of the one giveaway in that sale, a beautiful vase with flowers by Odilon Redon that could be had for $288,500. Not that many of the new players putting down their chips on the green baize of the art market could identify an Odilon Redon still life, let alone one in oils rather than in pastel.

On Tuesday night, Sotheby's conducted a very different sale. The expert, Alex Apsis, had made a visible effort to concentrate on major masters and it paid off with a handsome $81.3 million. Inevitably, mediocre works had crept in here and there.

Interestingly, however, mediocrity was fatal only when compounded by an uncertain image. Sisley's view of the Sevres Bridge, painted in a nondescript style, could have been the work of any Impressionist. It remained unsold. Not one bid was elicited by Gauguin's 1888 landscape with ducks in a pond although works from the artist's Pont Aven period are now rare. The unfocused view was too confused. Similar mishaps befell Cezanne's sketch of three women in the nude and a brownish Degas pastel of a woman combing her hair.

BY contrast, all the big scores could be read from 10 yards away. A striking close-up view of three ballet dancers by Degas — remarkable for its sculptural quality, the strong shading of its figures lightened by the pink and mustard yellow of the costumes — set a record for a pastel by the artist at $11 million. A highly structured composition of gladiolas by Renoir with strong colors and a fiery movement more than doubled the highest expectations at $3.6 million. Modigliani's portrait of Jeanne Hebuterne in markedly contrasting colors made $9.5 million, and Gustav Klimt's "Litzlbergerkeller on Lake Atter," a symphony in greens with the inn ensconced in the midst as a magic focus, brought it all to a climax with a record $14.7 million.

Yet this was no blind outpouring of money. The criteria, however curious, prevailed. Mediocre paintings if highly legible made it. Braque's ectoplasmic rendition of a "Reclining Nude" sold for $1.87 million, and Picasso's "Woman in an Armchair," in a comparable schoolboyish cartoon vein, went for the same price. On the other hand, true masterpieces, rare, long out of the market, but alas painted in delicate nuances, went unsold. The most extraordinary failure affected one of the most beautiful pastels seen at auction in years: a Degas showing three dancers. This was a centerpiece in the 1984 Degas show at the Art Institute of Chicago.

Although it was sold by the institute in May 1990 for $4.9 million, it found no taker this time at $4.7 million. Its subtle light, a contrejour, probably meant little to viewers attuned to the glaring colors of the contemporary world. Monet's wonderful "Pont Japonais," reworked in 1924 by the artist to get the desired shades of dark and light green enhanced by a few red dots, was also left stranded. Despite the $81.3 million spent that night, professionals understandably felt edgy as the spotlight switched back to Christie's on Wednesday night.

They need not have worried. The clearly-defined image factor working better than ever, the sale chalked up $131 million in two hours.

Renoir's nude woman standing in shallow water could have run into trouble. A printed sign indicated that Christie's had an interest in the sale. No one seemed to mind the rumor that it had recently returned from Japan, changing hands at $6 million. At $12.4 million, it exceeded the wildest hopes.

Later, Brancusi's "Mademoiselle Pogany II," a polished bronze head teetering on abstraction, of which four other casts are preserved in various institutions, became the third most expensive Brancusi at $7 million. The sale was not short on mediocrities either.

Yet, few seemed to be perceived as such. Rarely did the pressure of overabundant money in search of a cultural status badge make itself felt so unambiguously in a world barely concerned by the art as such.

Two panels from Kaiser's 50-meter portrait of Japan.

The Landscapes Of Raffi Kaiser

By Michael Gibson
International Herald Tribune

PARIS — In February 1987, Raffi Kaiser landed in China carrying a rucksack and a hefty supply of drawing paper. For six months he traveled through mountainous parts of the country, including two months working his way down the Li River, drawing constantly. On his return to the West, he produced one more drawing. It was an extraordinary one, 50 meters (165 feet) long, which captured the essence of what he had seen in China, and was exhibited in the Musee Guimet in Paris in 1990.

In 1991, Kaiser did much the same thing in Japan, where he spent a year, making his way down the mountainous spine of the land, seeing few people, but communing with some breathtaking landscapes. This time too, he drew both on the spot and on his return home. The result, in addition to the drawings made during the journey, was another 50-meter landscape drawing, which is currently on view at Les Filles du Calvaire gallery (17 Rue des Filles du Calvaire), through May 30.

Kaiser, born in Jerusalem in 1931, studied art in Tel Aviv, Paris and Florence. After numerous exhibitions both in Israel and abroad, he determined to escape from the consumer society, foreswore the use of color and withdrew into the Negev desert in 1978, spending three years drawing its landscapes.

Wrapped around the wall of the upper floor of the gallery, the great landscape drawing resulting from his Japanese journey is an impressive accomplishment. It does not so much suggest a panorama as it does a long journey through a constantly changing landscape whose shifting perspectives unfold as one moves on.

When Kaiser presents it in his studio, he displays the sheets on which it is drawn (1.5 meters high by 1 meter wide), three at a time, gradually rotating them so that the viewer can sense the continuity.

The pen runs across the page like a seismograph, its motion alternately evoking large, ominous crags and thin, immaterial crests which run, uphill and down, across an otherwise white page like notes on some monumental orchestral score.

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Messy Ford Splits Fo
U.S. Company
By Keith Bradsher
PACHECO, Argentina — ...ted by concrete posts and topped ... five lines of barbed wire, the ... fence zigzags through the heart of ... used to be a blossoming automo... partnership here.
On one side of the fence are ... operations of Ford Motor Co., on the other side those of Volkswagen AG, now divided by a nasty corporate divorce — a case study of the difficulties in breaking up a big-company joint venture.
Ford's mistake, its officials now acknowledge, lay in assembling ... that ... made in the late 1970s ... would ... demand.
The ... looked good on paper. The ... could assemble ... cars for Brazil and Argentina ... the profits and ... producing ... models.
The ... that Ford ... make the ... parts, it could ... has to account for ... region ... with Ford ... struggling ... Ford also was caught ... rapid economic changes ... the once-separate countries ... protective markets.
As a result, Ford has endured heavy losses ... that has become the most ... the world for trade ... such ... Motors Corp. and Fiat Spa.
"We ... started over," said ... Ford's chairman, ... and chief executive. "We're building ... the ground up in Argentina."
Ford ... driven combined ... Brazil and Argentina ... hyperinflation, ... in cut suppliers ... in both countries. The ... known as Autolatina ... formidable ... by closing ... Volkswagen ... selling ... building ... Ford Falcons ... U.S. and ... from 1961 until ... these automotive

ECONOMIC SCENE

Excess Property

By Philip Bowring

HONG KONG — Oh, the fickleness of markets. Thailand has been plumbing new depths. In the Philippines, there have been ... and in Malaysia, concerns that they may someday face some of the same combination of credit woes, property glut and quasi-pegged exchange rates that are at the root of Thailand's problem.
Meanwhile, Hong Kong has been soaring to new heights, helped along by those blue-ribbon purveyors of received wisdom, the rating agencies.
Yet Hong Kong is, in fact, showing earlier signs of the same illness that is affecting Thailand and from which Japan is just recovering. This should not come as a surprise to followers of Hong Kong property and banking cycles. In the mid-1980s, the two coincided. But the market seems to have forgotten that Hong Kong property prices have always been highly cyclical.

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Frankfurt						
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Closings on Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Paris, Tokyo and Zurich markets. (a) Late New York quotes.

Other Dollar Values

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Ecu	1.2642	Irish £		Port. escudo	
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Currency	30-day	60-day	90-day	Currency	
Pound Sterling	1.6603	1.6595	1.6581		
Canadian dollar	1.3656	1.3645	1.3628		
Deutsche mark	1.6934	1.6913	1.6886	Japanese yen	
				Swiss franc	

Source: ING Bank Amsterdam. Indicative buying rates supplied by Banque Paribas (France), Banque Bruxelles Lambert (Belgium), Bank of Tokyo (Japan), Swiss Bank Corporation (Switzerland), Bankers Trust (Germany), Chase Manhattan (Britain), Citibank (U.S.).

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Messy Latin Divorce Splits Ford and VW

U.S. Company Bet on the Wrong Cars

By Keith Bradsher
New York Times Service

PACHECO, Argentina — Supported by concrete posts and topped with five lines of barbed wire, the chain-link fence zigzags through the heart of what used to be a blossoming automaking partnership here.

On one side of the fence are the operations of Ford Motor Co., on the other side those of Volkswagen AG, now divided by a nasty corporate divorce — a case study of the difficulties in breaking up a big-company joint venture.

Ford's basic mistake, its officials now acknowledge, lay in assuming that a marriage made in the late 1980s would last indefinitely.

The union looked good on paper: The two companies would manufacture cars together for Brazil and Argentina, sharing all the profits and producing no competing models.

The trouble was that Ford let VW make the subcompacts, a model that has since come to account for half the region's auto sales, with Ford still struggling to catch up. Ford also was caught off guard by rapid economic changes that turned the once-stagnant countries into attractive markets.

As a result, Ford has endured heavy losses in a region that has become the most profitable in the world for rivals such as General Motors Corp. and Fiat SpA.

"We've essentially started over," said Alex Trotman, Ford's chairman and chief executive. "We're building a new company from the ground up in Argentina and Brazil."

Ford and Volkswagen combined their subsidiaries in Brazil and Argentina in 1987, when hyperinflation, weak growth and a ban on car imports had badly hurt sales in both countries. Their joint venture, known as Autolatina, became highly profitable even in this hostile environment by closing surplus Ford and Volkswagen assembly plants and offering aging models that were cheap to build.

The plant here, on the northern outskirts of Buenos Aires, was originally a Ford factory, with Volkswagen moving in; it is now divided roughly in half by a fence even more sturdy than the one that runs around the outside of the complex.

With Brazil and Argentina banning car imports for most of the 1980s, Autolatina sold some of the world's stalest models. Midsized Ford Falcons, nearly identical to the 1960 U.S. model, were made here from 1961 until 1991. So many of these automotive fossils are still on the road that a visitor almost expects to see Elvis Presley step out of one at any moment.

But after the debt crisis of the 1980s faded away, the Brazilian and Argentine economies sprang back to life in the early 1990s.

Autolatina, and Ford in particular, was caught unprepared. Inflation dropped, economic growth increased, and car sales soared.

The import ban was replaced with steep tariffs, prompting nearly a dozen automakers to start exporting their latest models here and begin planning new factories.

Suddenly faced with true competition, and reluctant to share the technology needed to build their own latest models, Ford and VW decided in early 1995 to break Autolatina apart.

That decision was a boon to Volkswagen, which has since produced steady earnings while holding onto a third of the regional auto market. But Ford's operations emerged from the venture in disarray, with much lower market shares, mainly because of its lack of small cars. Because of the Autolatina breakup, Ford lost a staggering $645 million in its South American division last year.

The moral, as Ford officials see it now, is that companies combining operations should look hard at what might happen if the venture later comes undone. "Emotionally, you know, the last thing you want to do is contemplate coming apart," said Jacques Nasser, president of Ford's worldwide automotive operations.

Still, he said, "At some stage up front, you kind of need to brainstorm the conditions under which the partnership stops providing the added value and synergies."

Roger Stark, a specialist in auto-industry joint ventures at Coudert Brothers, an international law firm, boils down Autolatina's lesson for other multinationals more succinctly: "Be careful who you marry, and have a good prenuptial agreement."

The biggest problem for Ford has been that almost all the growth in both auto markets has come in subcompacts, particularly the smallest subcompacts, called "popular cars." But Ford specialized in midsized cars before Autolatina, while Volkswagen built mainly smaller cars.

During the joint venture, the two companies made all Autolatina's cars together and shared all the profits. The larger cars mostly bore Ford nameplates and went to family-owned Ford dealers, though, while the smaller cars tended to have Volkswagen nameplates and to go to Volkswagen dealers.

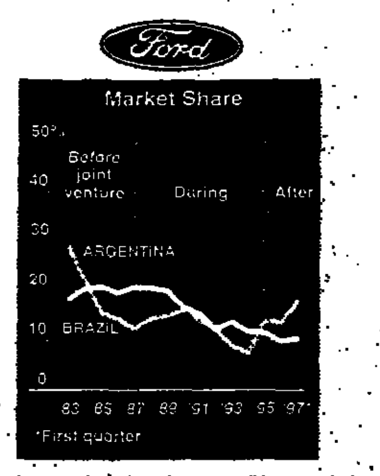
Ford dealers begged for a small car as the Brazilian market in particular shifted strongly in the early 1990s. But Ford executives were reluctant to erode Autolatina's profit by developing a subcompact from scratch and then placing it in competition with Volkswagen's Gol, from which Ford was already taking half the profit.

At the same time, VW officials were reluctant to share their subcompact designs with Ford for fear that Ford would use them in other world markets. The result of Ford's decision to focus on Autolatina's profit rather than on Ford brand cars was that Ford emerged from the alliance with a reputation for making cars bigger than most consumers wanted.

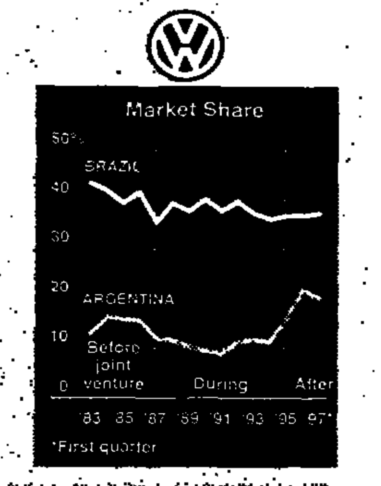
"Obviously, we should have nurtured our brand better in those years," Ivan Silva, the new president of Ford of Brazil, said. "It would be much less painful now."

For their part, Volkswagen officials are delighted with the breakup, having retained their dominant market position in Brazil and gained a larger share in Argentina.

Ford



VW



Ford's Loss Is Volkswagen's Gain

By allowing VW to make subcompacts for the companies' Autolatina joint venture while it made larger cars, Ford fumbled away market share in South America's biggest countries.

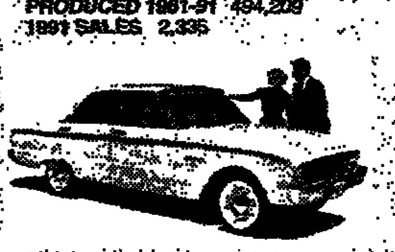
The breakup of the automakers' partnership has been a boon to Volkswagen, which has produced steady earnings while holding onto a big share of the auto market in Brazil and Argentina.

THEN Ford took this 1960 Falcon design, below, from the U.S. and built it in Argentina with very few changes for three decades. Ford continued to build the Falcon after becoming partners with VW, but consumers wanted smaller, more modern cars. Falcon production ended in 1991.

PRODUCED 1961-91 494,209
1991 SALES 2,335

THEN The Gol (which means "goal" in Portuguese and Spanish) was a hit in Brazil after it was redesigned at the beginning of Volkswagen's joint venture with Ford in 1987. Sales began climbing sharply when Brazil reduced sales taxes on tiny "popular" cars with 1-liter engines, like the 1992 Gol, below.

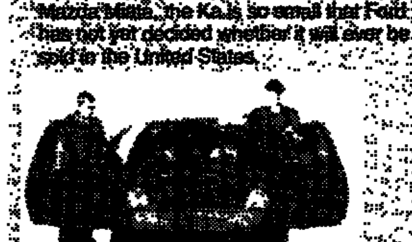
1992 SALES 135,669 (in Brazil)

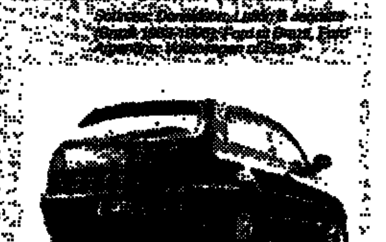


NOW The Ka, below, is part of Ford's effort to win back market share. Introduced this spring, the Ka has been selling briskly: 4,951 were sold in Brazil last month. A foot shorter than a Mazda Miata, the Ka is so small that Ford has not yet decided whether it will ever be sold in the United States.

NOW Newly redesigned two years ago, the Gol was the best-selling car in Brazil and across South America last year. Below, a 1997 Gol.

1996 SALES 356,724 (in Brazil)





The New York Times

Asian Banks Ease Currency Turmoil

Stock Markets Suffer a Loss Of Confidence

Bloomberg News

SINGAPORE — Although Southeast Asian central banks managed to fend off speculators attacking their countries' currencies this week, the damage to stock markets could last for months.

"In the next three months, we're not too excited about the markets," said Ian Lui of Dresdner (SEA) Thornton Asset Management. "Confidence is lost by foreign investors."

After raising interest rates twice Thursday, the Philippine central bank shoved a key interest rate up to 20 percent Friday from 13 percent. Thailand drove short-term interest rates as high as 25 percent Thursday and cut off the supply of baht abroad to keep the currency out of the hands of speculators. Malaysia also raised a key interest rate to its highest in 11 months.

High interest rates help a country's currency as investors buy it so they can park their money in that country's banks. But higher interest rates also make it more expensive for companies to borrow, which slows the economy and hurts their stocks.

Hewlett-Packard's results send U.S. blue chips tumbling. Page 10

Most stock markets in the region Friday continued a slide begun this week with the sudden collapse of the Thai baht. The benchmark stock index in the Philippines fell 2.1 percent to its lowest point in 17 months, and the index in Thailand fell 0.6 percent, approaching an eight-year low.

Investors fear that the worst is not yet over in Thailand, where the slowest growth in a decade, weak exports, a bloated real-estate market and a mountain of bad bank loans make the baht only the latest problem.

"Short term, sentiment is obviously poor," Michael Lim of Prudential Portfolio Managers (Asia) Ltd. said. "The currency situation still dominates."

The dollar surged to a high of 25.93 baht Wednesday, but the baht recovered strongly Thursday, sending the dollar down to 25.40 baht. The dollar rebounded to 25.85 baht Friday

The show of solidarity this week to bolster the baht — the first test of an agreements signed in 1995 between Asian central banks — brought together central banks in Singapore and Hong Kong to buy baht with the Thai central bank. But there is a question how long they can keep it up.

"If you look at past interventions, it can't last for more than two or three days," said Tay Chuan Wei, a senior trader at Bank of Boston in Singapore.

Yet if Thailand gives in and devalues the baht, it will hurt Thai companies that have borrowed in foreign currencies.

Speculators Are Deprived Of Key Funds

Compiled by Our Staff From Dispatches

SINGAPORE — Central banks appeared to have gained the upper hand in Southeast Asia's currency war Friday as speculators who had aggressively sold the region's currencies found themselves deprived of short-term funds.

Sim Moh Siong, a regional economist at Citibank in Singapore, said the supply of funds had essentially dried up in regional currency markets because of fears that others would follow the Thai central bank's restrictions on lending to foreign borrowers.

"What was done was to isolate the offshore money market from the onshore market, such that those who had sold the currency before would now suffer losses because of lack of funding," Mr. Sim said.

Dealers said there were rumors that Bank Negara, Malaysia's central bank, had followed Thailand's lead in restricting funds, but that the bank later denied it had done so.

The currency markets were thrown into turmoil this week when Singapore and Thailand joined forces to buy the baht, rescuing it from an 11-year low against the dollar.

On Friday, Singapore hailed the effort as a success.

"The important thing is that the joint intervention was effective," said Koh Beng Seng, deputy managing director of the Monetary Authority of Singapore, the city-state's de facto central bank.

But the attack on the Thai baht, fueled by concern about the slowing Thai economy and rumors of political turmoil, has driven down other Southeast Asian currencies, and some analysts doubted the intervention by central banks would have lasting effect.

The Thai central bank said Friday it also would take measures to help support the battered stock market.

The central bank's assistant governor, Siri Ganjarerndee, said the measures would include an issue of 5 billion baht ($194 million) in bonds by the Securities Finance Corp.

The agency will use the funds from the bond sale to buy margin loans from securities companies.

"The funds from the bond issue might not be sufficient," he said. "There will be other measures which will be announced on Monday."

Mr. Siri also acts as adviser to Securities Finance Corp., which was established last year as a lending center for Thai securities companies.

Thailand's bourse has plunged to eight-year lows this week, hit by a combination of worries about slowing growth, a fragile currency, high interest rates, cash-strapped financial and property sectors, and concerns that government efforts to improve the situation may not be enough. *(Reuters, AFP)*

ECONOMIC SCENE

Excess Property Lending Plagues Asia's Stars

By Philip Bowring
Special to the Herald Tribune

HONG KONG — Oh, the fickleness of markets. Thailand has been plumbing new depths. In the Philippines, there have been jitters, and in Malaysia, concerns that they may someday face some of the same combination of credit excess, property glut and quasi-pegged exchange rates that are at the root of Thailand's problem.

Meanwhile, Hong Kong has been soaring to new heights, helped along by those blue-ribbon purveyors of received wisdom, the rating agencies.

Yet Hong Kong is, in fact, showing earlier signs of the same illness that is affecting Thailand and from which Japan is just recovering. This should not come as a surprise to followers of Hong Kong property and banking cycles. In the mid-1980s, the two coincided. But the market seems to have forgotten that Hong Kong property prices have always been highly cyclical.

At the recent annual meeting of the Asian Development Bank in Fukuoka, Japan, the head of the Hong Kong Monetary Authority, Joseph Yam, lectured his fellow bankers on the dangers of excess property lending. Yet many would argue that the greatest excess lies in Hong Kong itself.

At present, 46 percent of all bank lending in Hong Kong is to property. Of its property-related lending, 55 percent goes for home mortgages and the rest to developers. The property exposure as a percentage of the total has been rising steadily for a decade, but its rise has gathered momentum recently.

At the same time, total credit in Hong Kong is growing much faster than nominal gross domestic product as a result of rapid monetary growth. Money supply has been rising at an annual average of 19 percent over the past four years, against 11 percent for nominal GDP, and it, too, is accelerating. Over the past 12 months, money supply has grown by 23 percent, and credit, again led by the property sector, by 26 percent.

A big gap between credit and GDP growth may be reasonable in a developing economy, but not in a mature one such as Hong Kong's.

The reason for the money growth is the same one that created Thailand's credit excess — capital inflow. In the Thai case, this came mainly through the offshore banking system, which was encouraged by interest-rate differentials and the assumed stability of the baht-dollar link. In the Hong Kong case, it has been due mainly to the flow into equity markets. Thanks to Hong Kong's currency and interest-rate link to the U.S. dollar, the market has been following Wall Street's boom very closely.

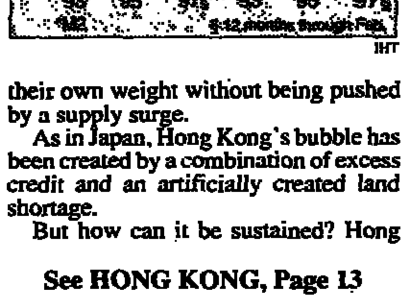
Some hot money from China also has swelled the money supply.

The surge in money has been chasing the lowest level of new residential property supply since the early 1970s. Clearly, this is not a situation akin to Thailand, where problems have been caused by a supply glut. But as Japan and Britain discovered not so long ago, property price booms can collapse of their own weight without being pushed by a supply surge.

As in Japan, Hong Kong's bubble has been created by a combination of excess credit and an artificially created land shortage.

But how can it be sustained? Hong

See HONG KONG, Page 13



IHT

Alitalia Posted Big Loss in '96 But Sees 1997 as a Good Year

Bloomberg News

ROME — Alitalia SpA, Italy's national airline, said Friday that it suffered its largest-ever loss in 1996, 1.2 trillion lire, because of one-time charges, but that it expects to return to profit in 1997.

The airline, whose future depends on the European Union's approval of a government bailout, said it had one-time charges of 901 billion lire ($540 million) in 1996 from reducing its staff and reorganizing its fleet.

Operating profit rose to 69 billion lire, from 61 billion, and consolidated revenue rose to 8.059 trillion lire, from 7.837 trillion. In 1995, the airline lost a consolidated 86 billion lire, though it had one-time gains of 443 billion lire that year, mostly from selling its stake in Rome's airport.

The airline said it expects to break even this year before one-time items, which should show a large gain because of the planned sale of some assets.

Net debt fell to 2.34 trillion lire from 3.42 trillion.

The European Commission and the government are arguing over a proposed 3 trillion lira bailout of the airline. The EU has asked for changes to Alitalia's cost cutting plan to ensure the airline remains profitable after the bailout.

CURRENCY & INTEREST RATES

Cross Rates

May 16

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.9045	3.1205	1.1245	0.3338	0.114*	—	5.4405*	1.3484	1.6536*	1.3915	1.3305*
Brussels	35.0295	57.61	20.642	6.1325	2.0956*	18.3595	—	24.527	0.3806	25.67	24.4925*
Frankfurt	1.7022	2.794	—	0.297	0.1015*	0.8894	4.845*	1.1885	1.4735*	1.2425	1.1867*
London (a)	1.6375	—	2.774	9.3446	2,737.49	3.1187	57.2798	2.3841	188.8447	2.244	234.864
Madrid	143.266	235.057	84.299	25.035	8.56*	74.969	4.0843	55.312	124.341*	104.865	—
Milan	1,674.90	2,746.00	985.20	292.38	—	875.30	47.68	1,171.75	14.544	1,222.40	11.672
New York (b)	—	1.6368a	1.6931	5.6995	1,670.00	1.9029	34.95	1.4283	115.625	1.3733	143.265
Paris	5.7227	9.389	3.3673	—	0.342*	2.9946	0.1631	4.887	4.9668*	4.1888	3.9955*
Tokyo	116.95	191.70	69.68	20.41	0.698	61.89	3.3261	81.57	—	85.22	0.815
Toronto	1.3741	2.2495	0.812	0.241	0.0823*	0.7215	0.3932*	0.9665	1.1861*	—	0.963*
Zurich	1.42	2.3224	0.8371	0.2484	0.0849*	0.7441	4.0547*	—	1.23*	1.0342	0.9929*
1 ECU	1.1528	0.7026	1.9591	6.5969	1,929.33	2.2029	40.436	1.6464	132.821	1.5749	165.899
1 SDR	1.3934	0.8491	2.3719	7.9742	2,332.14	2.6629	48.8366	1.9953	162.614	1.9266	199.568

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York rates at 4 P.M. and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	270.81	Mex. peso	7.887	S. Afr. rand	4.476
Australian $	1.2918	Hong Kong $	7.738	N. Zealand $	1.4409	S. Kor. won	892.00
Austrian sch.	11.958	Hung. forint	180.56	Norw. krone	7.057	Swed. krona	7.6071
Brazil real	1.071	Indian rupee	35.805	Phil. peso	26.37	Taiwan $	27.74
Chinese yuan	8.3221	Indo. rupiah	2440.5	Polish zloty	3.15	Thai baht	25.35
Czech koruna	30.67	Irish £	0.6563	Port. escudo	171.24	Turkish lira	134680
Danish krone	6.4702	Israeli shek.	3.3965	Russ ruble	5761.5	UAE dirham	3.671
Egypt. pound	3.3952	Kuw dinar	0.3003	Saudi riyal	3.75	Venez. boliv.	483.00
Fin. markka	5.131	Malay. ring.	2.4845	Sing. $	1.432		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6403	1.6395	1.6387	Japanese yen	114.75	114.21	113.72
Canadian dollar	1.3626	1.3596	1.3568	Swiss franc	1.4236	1.4192	1.4143
Deutsche mark	1.6954	1.6919	1.6881				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

May 16

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 9/16 - 5 11/16	3 - 3 1/8	1 9/16 - 1 11/16	6 1/16 - 6 3/16	3 3/16 - 3 5/16	7/16 - 9/16	4 - 4 1/8
3-month	5 1/2 - 5 5/8	3 - 3 1/8	1 5/8 - 1 3/4	6 1/4 - 6 1/2	3 3/16 - 3 3/8	1/2 - 5/8	4 - 4 1/8
6-month	5 7/8 - 6	3 1/16 - 3 3/16	1 3/4 - 1 7/8	6 1/2 - 6 5/8	3 5/16 - 3 7/16	9/16 - 11/16	4 1/16 - 4 3/16
1-year	6 1/8 - 6 1/4	3 1/8 - 3 1/4	1 13/16 - 1 15/16	6 15/16 - 7 1/16	3 3/8 - 3 1/2	3/4 - 7/8	4 1/8 - 4 1/4

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds	5 9/16	5¼
90-day CDs dealers	5.73	5.71
180-day CP dealers	5.70	5.70
3 month Treasury bill	5.04	4.97
1-year Treasury bill	5.52	5.50
2-year Treasury bill	6.24	6.21
5-year Treasury note	6.54	6.51
7-year Treasury note	6.60	6.57
10-year Treasury note	6.69	6.66
30-year Treasury bond	6.90	6.87
Merrill Lynch 30-day RA	4.99	4.98
Japan		
Discount rate	0.50	0.50
Call money	0.36	0.40
1-month interbank	0.52	0.52
3-month interbank	0.54	0.54
6-month interbank	0.62	0.62
10-year Govt bond	2.80	2.79
Germany		
Lombard rate	4.50	4.50
Call money	3.13	3.10
1-month interbank	3.15	3.15
3-month interbank	3.20	3.20
6-month interbank	3.25	3.25
10-year Bond	5.77	5.67

Britain		
Bank base rate	6¼	6¼
Call money	6¼	6½
1-month interbank	6 5/16	6 5/16
3-month interbank	6⅜	6⅜
6-month interbank	6⅝	6⅝
10-year Gilt	7.05	6.99
France		
Intervention rate	3.10	3.10
Call money	3 5/16	3 5/16
1-month interbank	3½	3¼
3-month interbank	3 5/16	3 5/16
6-month interbank	3⅜	3⅜
10-year OAT	5.63	5.57

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	N.A.	344.50	— 1.75
London	347.00	344.50	— 1.90
New York	348.40	344.90	— 3.50

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (June.)
Source: Reuters.

United and Its Advertisers Change Course

After 3 Decades of 'Friendly Skies,' Airline Decides It's Time to Feel Passengers' Pain

By Stuart Elliott
New York Times Service

NEW YORK — After more than three decades of peddling the "friendly skies," United Airlines is changing course for a bold but risky alternative: acknowledging how problematic the skies, the gates, the planes and even its employees can be for travelers, particularly frequent fliers.

That high-stakes shift in marketing strategy, which tries in an empathetic way to feel passengers' pain, was inspired by a study of frequent travelers on all airlines. The change is unusual for an industry that uses the most positive imagery to portray its services.

Carriers long have confidently asserted that their skies are the bluest, their flight attendants the most courteous, their meals the tastiest. With rare exceptions, advertising campaigns have shied away from suggesting, much less showing, that flights can land late, luggage can get lost and workers can turn surly.

But United, still remaking itself almost three years after employees took control of the company, is gambling on the unconventional approach — to be introduced in television commercials and print advertisements due to begin appearing Thursday — as a way to appeal to skeptical consumers and break through the increasing clutter of airline campaigns.

Only by addressing the myriad difficulties that frustrate fliers, executives of United and its two new advertising agencies say, can their message be believed about the airline spending $400 million over the next five to 10 years on improvements aimed at customer satisfaction.

In a survey released Wednesday by Frequent Flyer magazine and the research firm J.D. Power & Associates, United's service finished below average among airlines for flights of less than 500 miles (800 kilometers), trailing America West, Continental, US Airways, Delta and Southwest. On flights longer than 500 miles, United finished third, she said, behind Continental and Trans World Airlines.

According to the most recent Department of Transportation data for on-time performance, United finished fourth among 10 carriers.

The new ad campaign makes its case for United in brash, slyly forthright ways. One print ad proclaims that United is "a better way for cynics to travel" and another asks cheekily, "Wouldn't it be great if we could all fly commercials?"

One of three United television spots even rewrites history, canceling the Wright Brothers' first flight by interpolating modern-day difficulties such as unexplained delays and indifferent airline personnel.

"If Orville and Wilbur had to go through what you do just to fly," says the announcer, "they would've stayed in the bicycle business." The successor slogan to "friendly skies" is: "United Airlines. Rising."

Landscapes
ffi Kaiser
CTORS
ONS
MARC-ARTHUR KOHN
ANT AUCTIONS
MONTAIGNE - PARIS
DAY, JUNE 10 at 8.30 p.m.
SDAY, JUNE 11 at 8.30 p.m.
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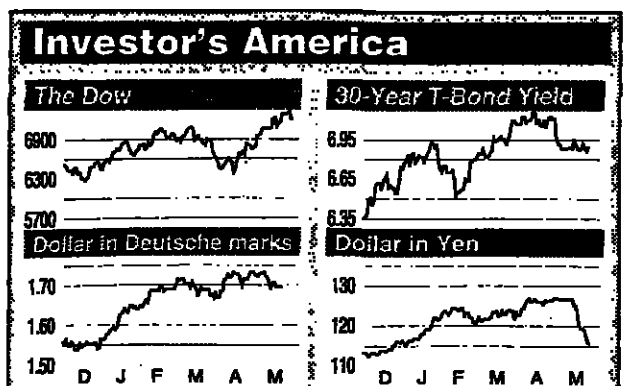
THE AMERICAS

Investor's America



Exchange	Index	Friday @4PM	Prev. Close	% Change
NYSE	The Dow	7194.67	7333.55	-1.89
NYSE	S&P 500	829.75	841.88	-1.44
NYSE	S&P 100	812.56	826.40	-1.51
NYSE	Composite	432.44	437.65	-1.19
U.S.	Nasdaq Composite	1340.74	1353.61	-0.95
AMEX	Market Value	586.72	583.47	+0.56
Toronto	TSE Index	6247.50	6269.60	-0.35
São Paulo	Bovespa	10498.95	10353.79	+1.40
Mexico City	Bolsa	3887.17	3886.42	+0.02
Buenos Aires	Merval	742.77	742.82	-0.01
Santiago	IPSA General	5356.38	5334.25	+0.41
Caracas	Capital General	6632.21	6683.36	-0.77

Source: Bloomberg, Reuters International Herald Tribune

Seagram Wins Contract Ruling

Viacom Violated Accord on Joint Ownership of USA Network

By Mark Landler
New York Times Service

NEW YORK — Seagram Co. won a victory in its rancorous feud with Viacom Inc. when a Delaware judge ruled that Viacom had breached its contract with Seagram on the joint ownership of USA Network.

But the major effect of the ruling, handed down late Thursday, will be to send both companies back to the bargaining table, where they have been wrangling for three years over how to unravel their troubled cable partnership.

Vice Chancellor Myron Steele of the Delaware Chancery Court ruled that Viacom had violated the terms of its partnership agreement with Seagram because it owned basic cable networks like MTV that compete with USA Network, which has 72 million cable and satellite subscribers.

The finding was a setback for Viacom, which inherited its 50 percent stake in USA Network when it acquired Paramount Communications in 1994. Viacom had argued that because it owned cable networks long before it bought Paramount, it ought to be exempt from that provision of the deal.

The judge also rejected Viacom's contention that its chairman, Sumner Redstone, and the chief executive of Seagram, Edgar Bronfman Jr., had come to an oral agreement that Viacom would be exempted from the clause as part of a separate deal between the two companies. The judge ordered the companies to hash out an acceptable compromise within 30 days — or submit their own plans in 45 days, after which he would decide how to dispose of the network.

The ruling underscores the swiftly changing fortunes of Seagram and Viacom. Viacom, once regarded as the aggressive buyer of USA Network, is now expected to sell its stake, while Seagram, which once seemed anxious to sell, is seen as a buyer.

Executives familiar with Seagram said the company might bring in a partner to defray the cost of buying out Viacom. They said Seagram had been contacted by an array of media companies, including Walt Disney's ABC Inc., Westinghouse's CBS Inc., General Electric's NBC Inc., and Comcast Corp., a cable operator.

"USA Network is not critical to Viacom, so selling it and paying down some debt would be a great idea for Viacom," said John Tinker of Montgomery Securities.

Hewlett-Packard Sends Blue Chips Tumbling

Compiled by Our Staff From Dispatches

NEW YORK — Disappointing earnings from Hewlett-Packard sparked a sell-off in technology issues and pulled blue-chip stocks down sharply Friday.

Hewlett-Packard closed down 6⅜ at 52½ in response to its report of an 8 percent increase in second-quarter profit, to $784 million, after the market closed Thursday. The results, which were held back by slow sales in Hewlett-Packard's printer business, did not meet analysts' expectations, and many cut their profit forecasts for the company for the full year.

Weakness in Hewlett-Packard, which is part of the Dow Jones industrial average, helped pull the blue-chip index down 138.88 points, to close at 7,194.67. The index closed at a record high Thursday.

The broader Standard & Poor's 500-share index closed down 12.13 points at 829.75, while losing issues outpaced gaining ones by a 7-to-5 ratio on the New York Stock Exchange.

Some investors said Hewlett-Packard's troubles could signal tough times for other large companies striving to top the strong earnings growth of recent years. The computer-maker's earnings have expanded at an average annual rate of 26 percent for four years.

"It's going to be very hard for corporate America to maintain the pace of growth it's shown," said Richard Eakle, an independent market strategist based in Fair Haven, New Jersey.

The results worried investors holding other high-tech issues, with the Nasdaq composite index closing down 12.84 points at 1,340.74.

PairGain Technologies, a maker of high-speed data-transmission equipment, was the most actively traded U.S. issue, falling 3⅞ to 17¾ after an analyst at SoundView Financial Group warned that price cuts would weaken revenue growth.

Informix fell 1⅛ to 10¼ after the company said it would have to re-

U.S. STOCKS

finance leases and raise cash to continue operations. Informix rose Thursday on optimism that Microsoft or Netscape Communications would make a bid for the software maker. Microsoft fell 1¾ to 115⅝.

Netscape, which makes Internet access software, tumbled 5 5/16 to 29¼ after warning it did not expect to sustain past revenue and earnings growth because of rising costs.

But LHS Group rose to 19¼ on its first day of trading after the billing and customer-service software company sold 4.8 million shares in an initial offering priced at 12 to 14.

Lower Treasury bond prices, and the resulting higher yields, also weighed on stocks. The price of the benchmark 30-year issue fell 15/32 point, to 96 15/32, taking the yield up to 6.90 percent from 6.87 percent Thursday.

Reports showing strength in housing and improving consumer confidence kept alive concern that the Federal Reserve Board might raise interest rates Tuesday, and this pushed down bond prices.

Investors have "mixed feelings" on the chances for a rate rise, said Matt Alexy at Credit Suisse First Boston. "There are good enough arguments on both sides."

(Bloomberg, AP)

Very briefly:

International Family Confirms Talks

VIRGINIA BEACH, Virginia (Bloomberg) — International Family Entertainment Inc. confirmed Friday that it was in merger talks and said the family of its controlling shareholder, Pat Robertson, would be treated the same as other investors if the merger occurred.

International Family did not disclose who it was negotiating with, but sources close to the company said Wednesday that Rubert Murdoch's News Corp. was negotiating to buy International Family, which operates Family Channel on cable television, for more than $1 billion.

Mr. Robertson, an evangelist and former presidential candidate, and his son, Tim Robertson, control 100 percent of the company's Class A shares. Those shares retain most of the voting control of the company.

International Family B shares were quoted at $24.125, up $1.50, in late trading Friday.

- **Galoob Toys Inc.** said it had retained the rights through 1998 to make and sell toys based on the "Star Wars" trilogy of science-fiction movies from **LucasFilm Ltd.**
- **US West Media Group** said it had signed an agreement with **Airtouch Communications** for the merger of its domestic cellular business and its interest in PrimeCo Personal Communications into AirTouch.
- **Mazda Motor Corp.** said it would fire up to 400 employees in North America by the end of the year, a move prompted by a decline in sales.
- **ADT Ltd.** said it was holding discussions with **Western Resources Inc.** aimed at ending Western's hostile bid for ADT, the largest provider of electronic-security systems in the United States and Britain.
- **U.S. stock-fund** buying slowed to $1.3 billion in the week ended Wednesday, down from $3.4 billion in the prior week, according to AMG Data Services. *Bloomberg, AFX*

Rate Outlook Pushes Dollar Down

Compiled by Our Staff From Dispatches

NEW YORK — The dollar slipped against other major currencies Friday on a growing belief that the Federal Reserve Board will not raise interest rates next week.

Comments from Robert Rubin, the U.S. Treasury secretary, on Thursday that were interpreted as approving of the dollar's decline continued to hold back the currency Friday.

Signs of Japanese economic vigor, which triggered talk that interest rates in Japan may soon rise, also held back the dollar. Japan's Nikkei 225-share stock index closed Friday at a five-month high.

"The Nikkei's acting as if Japan's back to being the perennial

FOREIGN EXCHANGE

powerhouse of old — that it's no longer a bastion of downtrodden financial markets," Glenn Stevens, head of currency trading at Merrill Lynch & Co., said.

But some analysts said they expected the dollar to recover.

"The dollar certainly belongs higher than it is, based on economic fundamentals — if the market ever decides to take a look at them," said Hillel Waxman, manager of currency trading at Bank Leumi Trust Co.

At 4 P.M., the dollar was quoted at *115.625* yen, down from *115.975* yen Thursday, and at 1.6931 Deutsche marks, down from 1.6975 DM. The dollar also fell to 5.6995 French francs from 5.7185 francs and to 1.4203 Swiss francs from 1.4305 francs. The pound fell to $1.6368 from $1.6427.

(AFX, Bloomberg)

GERMANY: *Bonn's Plan to Bend Books for Monetary-Union Criteria Causes Surprise Across EU*

Continued from Page 1

legislative and regulatory hurdles, Germany's fiscal position would look rosy — on paper, at least.

Moreover, this would happen without resort to such unpopular measures as tax increases or cuts in welfare spending and social programs. Those politically unwelcome possibilities had been regarded as live options as recently as a few days ago, particularly after private economists and government advisers for months had forecast that Germany would overshoot the deficit targets and threaten the entire project.

But as attractive as the plan might seem, it comes with a high political cost to the credibility of Mr. Waigel and of Bonn. Germany has long opposed any quick-fix accounting solutions to reduce deficits, aiming most of its attacks at Italy and France. The Bundesbank in October harshly criticized a decision by France to use pension funds from state-owned France Telecom to reduce its budget deficit.

Now that Germany has departed from the moral high road, it no longer will command the same authority within the EU to act as a self-appointed referee of fiscal fudging, said Thomas Mayer, a Frankfurt-based economist at Goldman, Sachs & Co.

For the euro-wary German population, Italy's inclusion could create a domestic political headache for Chancellor Helmut Kohl. Polls show that most Germans would reject the amalgamation of the sturdy Deutsche mark with the Italian lira, which Germans associate with a track record of high inflation.

Meanwhile, financial markets already were viewing Mr. Waigel's statement as a sign that Italy's chances of joining monetary union had improved, traders said.

The prospect that the German currency could merge with the lira and others complicates Bonn's task of marketing the euro — the proposed European common currency — to Germans reluctant to abandon the mark, their symbol of postwar prosperity and stability. Thus, although the deficit-cutting plan was intended to build confidence that the euro was on its way, Bonn's public-relations mission has become more difficult, commentators said.

Wilhelm Hankel, a former German Economics and Finance Ministry adviser, said Mr. Waigel was "cooking the books." If a listed company were to behave in the same way as Mr. Waigel, the company would lose all credibility with the banks and its shareholders, Mr. Hankel said. The Finance Ministry, however, confirmed the feasibility of Mr. Waigel's plan, citing a technical accounting arrangement.

The funds would be channeled directly to Germany's so-called Debt Heritage Fund, where they would pay down debts inherited from the former East Germany. The newly transferred money would be booked as a "surplus" to the fund, effectively injecting an extraordinary charge into the budget by relieving it of payments it would otherwise need to make to that fund.

Mr. Waigel's plan still needs to be examined by the Brussels-based Eurostat statistics agency and approved by the Bundesbank.

AMEX

Friday's 4 P.M. Close
The top 300 most active shares, up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]					
Hons wtB	[illegible]				
Horken	11099	4⅛	4⅛	4⅛	[illegible]
Hasbro s	3472	27½	26⅞	26⅞	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7327.58	7329.81	7190.55	7194.67	-138.88
Trans	2626.48	2644.46	2617.85	2624.63	—
Util	222.23	222.72	221.17	221.94	-0.78
Comp	2266.05	2272.40	2243.29	2244.54	-24.28

Standard & Poors

	High	Low	Previous Close	Today 4 P.M.
Industrials	992.28	980.66	991.82	977.50
Transp.	605.65	602.03	605.11	604.07
Utilities	194.10	192.92	193.75	193.26
Finance	94.91	94.14	94.78	93.08
SP 500	842.45	833.34	841.88	829.75
SP 100	828.59	819.25	828.40	812.56

NYSE

	High	Low	Last	Chg.
Composite	437.45	432.08	432.44	-5.21
Industrials	555.49	548.33	548.62	-7.07
Transp.	398.88	393.30	394.38	-0.59
Utility	269.49	267.20	268.22	-1.10
Finance	396.16	390.13	390.47	-5.49

Nasdaq

	High	Low	Last	Chg.
Composite	1352.82	1339.94	1340.74	-12.84
Industrials	1087.05	1078.07	1079.29	-7.36
Banks	1455.84	1444.02	1454.03	+9.31
Insurance	1503.84	1492.10	1494.80	-3.47
Finance	1771.64	1763.95	1766.49	+1.44
Transp.	904.41	898.75	898.75	-0.84

AMEX

High	Low	Last	Chg.
586.72	583.47	586.72	+3.25

Dow Jones Bond

	Previous Close	Today Noon
20 Bonds	102.31	102.13
10 Utilities	99.18	99.12
10 Industrials	105.44	105.14

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
HewlPk s	179736	54⅛	51⅛	52⅝	-6⅜
[illegible]					

Nasdaq

	Vol.	High	Low	Last	Chg.
PairTch s	197977	20½	17⅜	17⅞	-3⅞
Informix	184656	12⅛	9	10¼	-1⅛
[illegible]					
LHS Grp n	49057	21½	19¼	19¼	—

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	19049	84⅝	83	83⅝	-1⅛
XCL Ltd	18321	¼	⅞	⅞	—
InterDig	11920	6⅞	5⅞	6⅞	+1⅛
Harken	11099	4⅛	4⅛	4⅛	+⅛
ViacB	8600	30⅛	29⅞	30	+1
Ampal	7393	5¼	4⅞	5¼	+⅛
DI Ind	5997	3	2⅞	2⅞	+⅛
NY Times	5779	46	45⅛	45⅛	-⅛
JTS Corp	5434	1⅝	1½	1⅝	-⅛
HowAir	4986	4	3⅞	3⅞	-⅛

Trading Activity

NYSE

	Close	Prev.
Advanced	991	1302
Declined	1479	1188
Unchanged	896	866
Total issues	3366	3356
New Highs	94	108
New Lows	6	6

Nasdaq

	Noon	Prev.
Advanced	1625	2072
Declined	1575	1904
Unchanged	2252	1761
Total issues	5452	5737
New Highs	72	110
New Lows	62	71

AMEX

	Close	Prev.
Advanced	286	248
Declined	237	255
Unchanged	201	204
Total issues	724	727
New Highs	33	26
New Lows	3	11

Market Sales

	Today 4:00	Prev. cons.
NYSE	490.95	545.65
Amex	21.31	35.74
Nasdaq	527.61	595.40

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Asia Pacific Fd	-	.44	5-27	6-6
NAIC Grow Fd	-	.105	6-30	8-1
Royal Dutch 5Gldr	b	3.25	5-19	6-3
INCREASED				
MSB Fincl	Q	.14	5-30	6-13
NY Times	Q	.16	6-3	6-20
Old Republicind	Q	.13	6-6	6-16
Superior Indus	Q	.07	7-3	7-18
SPECIAL				
Aerospace Credit		3.40	5-30	6-3
Special payment of Liquidating Trust.				
INITIAL				
Barnes Group n	-	.167	5-30	6-10
REGULAR				
Acordia Inc	Q	.20	5-27	6-10
Adolph Coors	Q	.125	5-31	6-16
Aquila Gas Pipe	Q	.0125	5-28	6-13
Ashland Inc	Q	.275	5-29	6-15
Balmco Corp	Q	.05	6-2	7-1
Bindley Wstn	Q	.02	6-13	6-27
CIGNA Hi Income	M	.0675	5-28	6-10
CNB FinCp NY.	Q	.12	5-30	6-10
CT Water	Q	.43	5-30	6-13
Champion Intl	Q	.05	6-13	7-18
Clayton Homes	Q	.02	6-25	7-16
Commcl Bncshr	-	.30	5-30	6-13
Community Bk	Q	.18	6-16	7-10
DT Indust	Q	.02	5-30	6-13
Danka Business	b	.1059	6-27	7-28
Develop Diversifd	Q	.63	6-16	6-30
Edison Intl	Q	.25	7-3	7-31
Engle Homes	Q	.04	6-6	6-26
Family Dollar	Q	.12	6-16	7-15
Fst Bk Vincennes	Q	.10	5-30	6-16
Fst Hawaiian	Q	.31	5-30	6-13
Gaylord Entertain	Q	.10	5-27	6-9
Glimcher Rlty	Q	.4808	6-30	7-15
Integon Corp	Q	.09	6-2	6-13
Malan Realty	Q	.425	6-30	7-18
Maytag Corp	Q	.16	5-30	6-16
Miss Valley Bcshr	Q	.14	6-15	7-1
OGE Energy	Q	.665	7-10	7-30
Ohio Casualty	Q	.42	5-30	6-10
Precision Cast	Q	.06	6-6	7-7
Public Storage	Q	.22	6-16	6-30
Raymond James	Q	.08	6-13	7-3
Rayonier Inc	Q	.30	6-10	6-30
Rouse Co	Q	.25	6-16	6-30
Scotsman Ind	Q	.025	6-30	7-15
Templeton GlbGv	M	.05	5-30	6-13
Trico Bncshrs	Q	.16	6-10	6-30
Vulcan Materials	Q	.46	5-28	6-10
Zenith Ntl Insur	Q	.25	7-31	8-15

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99.cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

May 16, 1997

High Low Latest Chge Opint

Grains

CORN (CBOT)
5,000 bu minimum- cents per bushel
Est. sales N.A. Thu's. sales 43,224
Thu's open int 286,477 off 530

SOYBEAN MEAL (CBOT)
100 tons- dollars per ton
Est. sales N.A. Thu's. sales 27,283
Thu's open int 111,150 off 2337

SOYBEAN OIL (CBOT)
60,000 lbs- cents per lb

	High	Low	Latest	Chge	Opint
May 97	23.87	23.55	23.74	+0.09	525
Jul 97	24.22	23.83	23.97	+0.09	50,172
Aug 97	24.38	24.02	24.15	+0.10	14,445
Sep 97	24.49	24.19	24.29	+0.10	8,209
Jan 08	24.77	24.62	24.62		715
Mar 08	25.05	24.95	24.95	+0.05	172

Est. sales N.A. Thu's. sales 16,732
Thu's open int 100,412 up 28

SOYBEANS (CBOT)
5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
May 97	872	855½	866¾	+4¾	1,461
Jul 97	868½	851	864½	+6¾	98,279
Aug 97	836	821½	833	+6½	20,690
Jan 08	714½	707	714	+4½	4,059
Mar 08	719	711½	719	+3¾	891

Est. sales N.A. Thu's. sales 58,759
Thu's open int 184,003 off 1700

WHEAT (CBOT)
5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
May 97	393	383½	387	+4	96
Jul 97	394	387½	388¼	+¼	51,461
Sep 97	400½	395	396	+1	12,451
Mar 08	411½	407½	408	—1	1,276

Est. sales N.A. Thu's. sales 17,100
Thu's open int 82,773 off 801

Livestock

CATTLE (CMER)
40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Jun 97	65.67	65.57	65.45	—0.05	31,969
Aug 97	65.57	65.10	65.22	—0.17	35,306
Oct 97	69.15	68.70	68.85	—0.22	16,927
Dec 97	71.15	70.72	70.95	—0.02	9,289
Feb 08	71.45	70.95	71.00	—0.22	5,130
Apr 08	73.05	72.57	72.80	—0.12	1,610

Est. sales 11,106 Thu's. sales 10,309
Thu's open int 100,231 up 442

FEEDER CATTLE (CMER)
50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
May 97	77.70	76.35	76.35	—0.80	2,948
Aug 97	77.80	76.60	76.82	—0.57	10,295
Sep 97	77.30	76.30	76.47	—0.60	2,016
Jan 08	79.35	79.05	79.15	—0.37	383
Mar 08	78.55	78.40	78.45	—0.30	87
Apr 08	78.45	78.55	78.55	—0.35	46

Est. sales 2,795 Thu's. sales 2,263
Thu's open int 20,448 off 87

HOGS-Lean (CMER)
40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Jun 97	82.25	81.00	81.05	—1.27	15,341
Jul 97	83.40	82.30	82.40	—1.12	9,907
Aug 97	81.20	80.12	80.45	—0.55	7,463
Feb 08	70.12	69.40	69.82	—0.30	1,441
Apr 08	66.75	64.50	66.55	—0.55	738

Est. sales 14,273 Thu's. sales 13,128
Thu's open int 44,420 up 13

PORK BELLIES (CMER)
40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
May 97	90.30	87.20	87.20	—3.00	305
Feb 08	74.70	73.05	73.17	—2.45	349
Mar 08	74.35	72.75	72.75	—1.55	10

Est. sales 2,792 Thu's. sales 3,979
Thu's open int 8,813 off 425

Food

COCOA (NCSE)
10 metric tons- $ per ton

	High	Low	Latest	Chge	Opint
Jul 97	1480	1446	1467	—14	31,971
Sep 97	1515	1473	1493	—14	13,355
Dec 97	1542	1507	1519	—18	17,998
May 98			1417		8,619
Jul 98	1605	1589	1589	—14	459
Mar 08	1567	1540	1547	—14	20,557

Est. sales 12,540 Thu's. sales 12,136
Thu's open int 94,580 up 1177

COFFEE C (NCSE)
37,500 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
May 97	280.00	269.00	276.50	—0.55	184
Jul 97	258.00	245.00	253.15	—2.05	15,722
Sep 97	230.00	218.50	226.35	—0.80	7,571
Dec 97	205.50	196.20	201.00	—1.20	4,723
Mar 08	191.00	181.50	186.80	—1.20	1,910

Est. sales 11,122 Thu's. sales 15,422
Thu's open int 30,655 off 147

SUGAR-WORLD 11 (NCSE)
112,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Jul 97	11.05	10.95	10.97	—0.04	73,367
Oct 97	10.84	10.76	10.80	—0.01	41,175
May 98	10.69	10.65	10.68	+0.03	5,901
Mar 08	10.77	10.70	10.73	—0.01	24,146

Est. sales 8,668 Thu's. sales 7,248
Thu's open int 146,386 off 1151

ORANGE JUICE (NCTN)
15,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Jul 97	85.25	82.00	84.90	+3.00	16,582
Jan 08	91.00	87.75	91.00	+2.75	1,572
Mar 08	93.00	91.50	93.00	+2.50	1,006
Jan 09			103.00	+1.25	1

Est. sales N.A. Thu's. sales 5,319
Thu's open int 29,373 off 25

Metals

GOLD (NCMX)
100 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	Opint
May 97			343.90	—3.50	1
Jun 97	348.80	344.30	344.90	—3.50	58,957
Jul 97			346.30	—3.50	
Aug 97	351.20	347.10	347.70	—3.50	20,920
Oct 97	353.10	350.00	350.90	—3.50	6,753
Dec 97	356.50	353.00	353.30	—3.50	22,466
Jun 98	362.30	361.30	361.50	—3.50	6,792
Feb 08			356.10	—3.50	4,491
Apr 08			358.30	—3.90	3,744

Est. sales N.A. Thu's. sales 30,033
Thu's open int 154,830 off 3320

HI GRADE COPPER (NCMX)
25,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
May 97	119.00	115.90	117.00		2,078
Jun 97	116.70	115.85	116.70	—0.30	3,360
Jul 97	116.80	115.40	116.20	—0.30	32,270
Aug 97			113.85	—0.15	1,711
Sep 97	111.65	110.60	111.45	—0.05	6,024
Jan 08	105.30	105.05	105.05	+0.05	504
Feb 08	104.00	103.80	103.80	+0.05	476
Mar 08	102.75	102.55	102.55	+0.05	1,474
Apr 08			101.55	+0.05	297

Est. sales N.A. Thu's. sales 13,657
Thu's open int 59,182 up 2609

SILVER (NCMX)
5,000 troy oz.- cents per troy oz.

	High	Low	Latest	Chge	Opint
May 97	471.50	465.00	466.00	—16.30	109
Jun 97			467.00	—16.50	2
Jul 97	486.50	466.50	469.30	—16.50	55,257
Sep 97	490.50	471.00	474.30	—16.50	5,496
Dec 97	498.00	479.00	481.50	—16.60	6,974
May 98	497.50	494.10	494.10	—16.80	2,706
Jan 08			483.80	—16.68	17
Mar 08	491.50	489.10	489.10	—16.70	7,516

Est. sales N.A. Thu's. sales 7,500
Thu's open int 84,030 off 902

PLATINUM (NMER)
50 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	Opint
Jul 97	393.50	389.50	391.20	—2.70	14,648
Oct 97	394.00	391.00	392.10	—2.70	3,866
Jan 08			394.30	—2.70	1,162

Est. sales N.A. Thu's. sales
Thu's open int 19,690 up 347

LONDON METALS (LME)
Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1650.00	1651.00	1628½	1629½
Forward	1669.00	1670.00	1654.00	1655.00
Copper Cathodes (High Grade)				
Spot	2552.00	2554.00	2553.00	2558.00
Forward	2469.00	2470.00	2458.00	2459.00
Lead				
Spot	619.00	620.00	614½	615½
Forward	630.00	631.00	626.00	627.00
Nickel				
Spot	7705.00	7715.00	7655.00	7665.00
Forward	7815.00	7820.00	7770.00	7775.00
Tin				
Spot	5735.00	5745.00	5715.00	5725.00
Forward	5780.00	5790.00	5760.00	5770.00
Zinc (Special High Grade)				
Spot	1326.00	1327.00	1327.00	1328.00
Forward	1346½	1347½	1346.00	1347.00

High Low Close Chge Opint

Financial

US T. BILLS (CMER)
$1 million- pts of 100 pct.

	High	Low	Close	Chge	Opint
Jun 97	94.76	94.73	94.73	—0.01	5,747
Sep 97	94.50	94.49	94.50	—0.03	4,608
Dec 97			94.48		847

Est. sales 269 Thu's. sales 558
Thu's open int 1 off 10402

5 YR. TREASURY (CBOT)
$100,000 prin- pts & 64ths of 100 pct

	High	Low	Close	Chge	Opint
Jun 97	105-26	105-22	105-27	—06	223,752
Sep 97	105-23	105-07	105-14	—07	11,898
Dec 97			104-63	—06	171

Est. sales 35,000 Thu's. sales 48,127
Thu's open int 235,821 up 4902

10 YR. TREASURY (CBOT)
$100,000 prin- pts & 32nds of 100 pct

	High	Low	Close	Chge	Opint
Jun 97	107-17	107-06	107-09	—05	302,795
Sep 97	107-02	106-24	106-26	—06	51,130
Mar 08			106-00	—05	1

Est. sales 62,999 Thu's. sales 92,517
Thu's open int 355,865 up 1949

US TREASURY BONDS (CBOT)
(8 pct-$100,000-pts & 32nds of 100 pct)

	High	Low	Close	Chge	Opint
Jun 97	110-16	109-27	109-31	—11	494,500
Sep 97	110-04	109-14	109-18	—12	70,457
Mar 08	108-26	108-26	108-28	—11	2,063
Mar 09			107-26	—11	71

Est. sales 410,000 Thu's. sales 508,550
Thu's open int 592,107 off 10332

LIBOR 1-MONTH (CMER)
$3 million- pts of 100 pct

	High	Low	Close	Chge	Opint
Jan 08	93.84	93.80	93.81		67
Feb 08			93.76	+0.01	9
Mar 08			93.70	—0.03	130

Est. sales N.A. Thu's. sales 5,922
Thu's open int 47,313 off 7

LONG GILT (LIFFE)
£50,000 - pts & 32nds of 100 pct

	High	Low	Close	Chge	Opint
Jun97	114-21	113-22	113-25	— 0-21	222,875
Sep97	114-30	114-03	114-03	— 0-21	10,633

Est. sales: 62,557. Prev. sales: 101,018
Prev. open int.: 223,508 off 3,824

GERMAN GOVERNMENT BUND (LIFFE)
DM250,000 - pts of 100 pct

	High	Low	Close	Chge	Opint
Jun97	102.57	101.76	101.87	— 0.50	262,716
Sep97	101.53	100.76	100.86	— 0.51	29,443

Est. sales: 192,911. Prev. sales: 199,029
Prev. open int.: 291,759 off 6,295

ITALIAN GOVERNMENT BOND (LIFFE)
ITL 200 million - pts of 100 pct

	High	Low	Close	Chge	Opint
Jun97	130.74	130.02	130.15	— 0.06	116,252
Sep97	131.24	130.79	130.74	+ 0.04	9,091

Est. sales: 64,090. Prev. sales: 69,767
Prev. open int.: 125,343 off 290

10-YEAR FRENCH GOV. BONDS (MATIF)
FF500,000 - pts of 100 pct

	High	Low	Close	Chge	Opint
Jun 97	130.76	129.86	129.88	— 0.38	164,431
Sep 97	129.00	128.68	128.30	— 0.40	13,799
Dec 97	98.42	98.42	97.72	— 0.40	0

Est. volume: 152,550 . Open int.: 178,230 off 501.

EURODOLLARS (CMER)
$1 million-pts of 100 pct.

	High	Low	Close	Chge	Opint
May 97	94.18	94.17	94.17		38,518
Jun 97	94.12	94.09	94.10		469,135
Jul 97	94.04	94.02	94.02	—0.01	9,099
Sep 97	93.94	93.88	93.89	—0.02	442,982
Dec 97	93.73	93.67	93.69	—0.02	340,401
Jun 98	93.52	93.46	93.48	—0.02	230,807
Sep 98	93.43	93.37	93.39	—0.02	171,250
Dec 98	93.32	93.27	93.28	—0.02	124,327
Jun 99	93.25	93.22	93.23	—0.02	80,046
Sep 99	93.21	93.18	93.19	—0.02	65,693
Dec 99	93.14	93.11	93.11	—0.03	60,477
Mar 00	93.14	93.11	93.11	—0.03	54,296

Est. sales 355,477 Thu's. sales 519,225
Thu's open int 2,698,252 up 16326

BRITISH POUND (CMER)
62,500 pounds, $ per pound

	High	Low	Close	Chge	Opint
Jun 97	1.6420	1.6310	1.6360		38,685
Sep 97	1.6380	1.6316	1.6336		1,308
Mar 08			1.6200		

Est. sales 10,739 Thu's. sales 10,915
Thu's open int 40,023 up 819

CANADIAN DOLLAR (CMER)
100,000 dollars, $ per Cdn. dlr

	High	Low	Close	Chge	Opint
Jun 97	.7350	.7289	.7293		63,142
Sep 97	.7395	.7330	.7337		7,555
Mar 08			.7409		844

Est. sales 19,065 Thu's. sales 25,501
Thu's open int 73,185 off 4371

GERMAN MARK (CMER)
125,000 marks, $ per mark

	High	Low	Close	Chge	Opint
Jun 97	.5936	.5883	.5921		79,146
Sep 97	.5971	.5927	.5961		3,851
Mar 08			.6045		122

Est. sales 23,947 Thu's. sales 21,102
Thu's open int 83,604 up 1035

JAPANESE YEN (CMER)
12.5 million yen, $ per 100 yen

	High	Low	Close	Chge	Opint
Jun 97	.8745	.8585	.8680		80,526
Sep 97	.8840	.8705	.8797		3,821
Mar 08	.9035	.9035	.9037		10

Est. sales 36,351 Thu's. sales 42,431
Thu's open int 85,113 up 80

SWISS FRANC (CMER)
125,000 francs, $ per franc

	High	Low	Close	Chge	Opint
Jun 97	.7092	.6983	.7061		44,173
Sep 97	.7163	.7081	.7134		2,855
Mar 08			.7287		58

Est. sales 25,482 Thu's. sales 24,952
Thu's open int 47,508 up 851

MEXICAN PESO (CMER)
500,000 pesos, $ per peso

	High	Low	Close	Chge	Opint
Jun 97	.12525	.12510	.12515		18,597
Sep 97	.12060	.12050	.12055		9,657
Mar 08	.11205	.11195	.11195		1,437

Est. sales 3,388 Thu's. sales 5,996
Thu's open int 36,385 up 970

3-MONTH STERLING (LIFFE)
£500,000 - pts of 100 pct

	High	Low	Close	Chge	Opint
Jun97	93.49	93.46	93.47	— 0.01	118,119
Sep97	93.28	93.23	93.24	— 0.03	112,481
Dec97	93.12	93.06	93.06	— 0.04	96,321
Mar98	93.01	92.92	92.94	— 0.05	63,331
Jun98	92.94	92.84	92.86	— 0.06	42,870
Sep98	92.89	92.79	92.80	— 0.08	32,252
Dec98	92.85	92.75	92.76	— 0.08	25,684

Est. sales: 31,249. Prev. sales: 65,727
Prev. open int.: 538,861 up 4,021

3-MONTH EUROMARK (LIFFE)
DM1 million - pts of 100 pct

	High	Low	Close	Chge	Opint
May97	96.83	96.82	96.82	Unch.	5,820
Jun97	96.81	96.79	96.80	Unch.	233,452
Jul97	N.T.	N.T.	96.77	— 0.02	1,424
Sep97	96.77	96.73	96.74	— 0.03	205,409
Dec97	96.66	96.60	96.61	— 0.03	238,540
Mar98	96.53	96.46	96.48	— 0.04	197,878
Jun98	96.37	96.30	96.31	— 0.05	151,728
Sep98	96.18	96.09	96.11	— 0.05	120,868
Dec98	95.94	95.84	95.87	— 0.05	84,388
Mar99	95.71	95.60	95.64	— 0.05	68,349

Est. sales: 113,260. Prev. sales: 156,834
Prev. open int.: 1,427,176 up 11,920

3-MONTH PIBOR (MATIF)
FF5 million - pts of 100 pct

	High	Low	Close	Chge	Opint
Jun 97	96.56	96.50	96.52	+0.03	48,230
Sep 97	96.60	96.54	96.55	+0.02	56,834
Dec 97	96.56	96.50	96.51	+0.00	34,576
Mar 98	96.50	96.43	96.44	—0.01	28,648
Jun 98	96.37	96.31	96.31	—0.03	23,848
Sep 98	96.22	96.16	96.16	—0.03	21,334
Dec 98	96.01	95.95	95.96	—0.02	15,160
Mar 99	95.80	95.77	95.73	—0.04	14,103

Est. volume: 60,494. Open int : 262,655 up 2,466.

3-MONTH EUROLIRA (LIFFE)
ITL 1 million - pts of 100 pct

	High	Low	Close	Chge	Opint
Jun97	93.35	93.30	93.32	+ 0.02	108,536
Sep97	93.68	93.63	93.65	+ 0.02	88,996
Dec97	93.83	93.78	93.79	+ 0.01	51,764
Mar98	93.90	93.85	93.85	Unch.	34,988

Est. sales: 35,349. Prev. sales: 51,661
Prev. open int.: 321,720 off 915

Industrials

COTTON 2 (NCTN)
50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Jul 97	73.45	72.50	73.04	—0.12	37,964

	High	Low	Latest	Chge	Opint
Oct 97	74.85	74.25	74.38	—0.07	3,409
Dec 97	75.46	74.85	75.23	+0.07	25,263
Mar 08	76.50	76.25	76.45	+0.05	3,519
Mar 09			75.10	—0.05	142

Est. sales N.A. Thu's. sales 8,972
Thu's open int 73,569 up 152

HEATING OIL (NMER)
42,000 gal, cents per gal

	High	Low	Latest	Chge	Opint
Jun 97	58.90	56.25	58.30	+1.82	36,330
Jul 97	58.95	56.40	58.50	+1.87	33,759
Aug 97	59.50	56.90	58.90	+1.87	17,473
Sep 97	59.60	57.60	59.20	+1.57	9,948
Oct 97	60.60	58.40	60.60	+2.32	8,254
Jan 08	62.00	59.95	61.10	+1.22	8,132
Feb 08	61.50	59.55	60.60	+1.12	3,687
Mar 08	59.50	58.25	59.35	+1.22	4,439
Apr 08	56.85	56.85	56.85	+0.17	1,974

Est. sales N.A. Thu's. sales 23,595
Thu's open int 137,208 up 28

LIGHT SWEET CRUDE (NMER)
1,000 bbl.- dollars per bbl.

	High	Low	Latest	Chge	Opint
Jun 97	22.40	21.16	22.00	+0.78	41,449
Jul 97	22.43	21.18	22.10	+0.81	90,780
Jan 08	21.24	20.70	21.24	+0.52	15,049
Feb 08	21.24	20.67	21.24	+0.57	7,293
Mar 08	20.90	20.82	20.85	+0.34	4,365
Apr 08	20.75	20.75	20.75	+0.20	4,194
Jan 09			20.22		6,527
Feb 09	20.29	20.22	20.29	+0.07	2,616
Mar 09			20.22		988
Apr 09	20.27	20.27	20.27	+0.05	

Est. sales N.A. Thu's. sales 111,200
Thu's open int 401,562 up 194

NATURAL GAS (NMER)
10,000 mm btu's, $ per mm btu

	High	Low	Latest	Chge	Opint
Jun 97	2.269	2.045	2.245		31,026
Jul 97	2.280	2.195	2.260		29,293
Jan 08	2.510	2.430	2.495		11,569
Feb 08	2.410	2.360	2.395		8,281
Mar 08	2.270	2.220	2.265		6,340
Apr 08	2.110	2.065	2.105		3,381
Jan 09	2.360	2.340	2.360		2,019
Feb 09	2.310	2.295	2.310		1,829
Mar 09	2.220	2.220	2.220		2,179
Apr 09	2.100	2.100	2.100		1,093

Est. sales N.A. Thu's. sales 41,346
Thu's open int 204,335 off 2298

UNLEADED GASOLINE (NMER)
42,000 gal, cents per gal

	High	Low	Latest	Chge	Opint
Jun 97	66.30	63.55	65.75	+1.71	37,186
Jul 97	65.50	62.80	64.80	+1.69	27,734
Aug 97	64.40	61.95	63.65	+1.53	9,940
Sep 97	62.90	60.90	62.50	+1.48	4,404
Oct 97	60.80	59.25	60.80	+1.78	2,098
Nov 97	59.28	58.45	59.15	+0.88	1,847
Dec 97	58.75	58.75	58.75	+0.83	4,066

Est. sales N.A. Thu's. sales 20,443
Thu's open int 91,907 off 468

GASOIL (IPE)
U.S. dollars per metric ton - lots of 100 tons

	High	Low	Latest	Chge	Opint
Jun 97	173.25	171.50	173.00	+ 1.00	25,218
Jul 97	174.75	173.25	173.75	+ 0.7	10,733
Aug 97	176.25	175.25	176.25	+ 0.50	7,562
Sept 97	177.75	177.25	178.00	+ 0.50	3,410
Oct 97	179.75	179.25	179.75	+ 0.50	4,093
Nov 97	180.50	180.50	181.00	+ 0.50	1,664
Dec 97	181.50	181.00	181.75	+ 0.50	7,713

Est. sales: 4,690 . Open int.: 64,764 up 620

BRENT OIL (IPE)
U.S. dollars per barrel - lots of 1,000 barrels

	High	Low	Latest	Chge	Opint
July 97	20.60	19.43	20.35	+ 0.86	87,537
Aug 97	20.50	19.44	20.18	+ 0.68	26,259
Sep 97	20.42	19.50	20.09	+ 0.59	10,938
Oct 97	20.20	19.48	20.03	+ 0.55	7,311
Nov97	19.95	19.68	19.98	+ 0.50	5,942
Dec97	20.08	19.46	19.93	+ 0.46	10,719
Jan98	19.70	19.42	19.85	+ 0.44	7,020
Feb98	19.80	19.37	19.77	+ 0.42	3,321

Est. sales: 33,661 Open int: 161,445 off 9,243

Stock Indexes

S&P COMP. INDEX (CMER)
500 x index

	High	Low	Latest	Chge	Opint
Jun 97	846.15	830.60	832.75	—12.00	184,782
Sep 97	852.60	838.45	842.00	—11.45	9,143
Mar 08			872.05		849

Est. sales N.A. Thu's. sales 66,135
Thu's open int 198,097 up 2021

FTSE 100 (LIFFE)
£25 per index point

	High	Low	Latest	Chge	Opint
Jun97	4730.0	4690.0	4702.0	+ 7.0	71,034
Sep97	4757.0	4752.5	4734.0	+ 7.0	4,364
Dec97	4770.0	4770.0	4779.0	+ 7.5	320

Est. sales: 14,839. Prev. sales: 14,693
Prev. open int.: 75,718 up 352

CAC 40 (MATIF)
FF200 per index point

	High	Low	Latest	Chge	Opint
May 97	2797.0	2765.0	2780.0	+11.00	24,451
Jun 97	2772.0	2743.0	2755.5	+11.00	27,376
Jul 97	2756.5	2756.5	2754.5	+11.00	721
Sep 97	2785.0	2768.0	2769.0	+11.00	11,407
Dec 97	N.T.	N.T.	2789.0	+11.00	451
Mar 98	N.T.	N.T.	2812.5	+11.00	7,934

Est. volume: 19,979. Open int.: 73,795 up 1,774.

Commodity Indexes

	Close	Previous
Moody's	N.A.	N.A.
Reuters	2,017.40	1,997.40
D.J. Futures	164.41	164.83
CRB	253.55	252.77

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

See our **Arts and Antiques** every Saturday

Caspian [illegible] $2 Billi[illegible]

MOSCOW — After [illegible] disputes, a coalition of [illegible] nies and governments [illegible] to build a $2 billion pipe[illegible] oil from the Caspian Sea to [illegible] Black Sea coast.

Russia, Kazakstan and [illegible] signed an agreement with [illegible] companies to finance the pip[illegible] opening the way for construction to start early next year.

Chevron Corp. and Atlantic Richfield Co. of the United States and AO Lukoil Holding of Russia were among the companies that agreed to finance the 900-mile (1,500-kilometer) pipeline from Kazakstan to the Russian port of Novorossiisk.

The long-awaited pipeline [illegible] been crucial to Chevron Corp.'s [illegible]

Nations Set Coffee Talks

Reuters

LONDON — Coffee-producing nations on Friday prepared for talks in London next week amid fears that soaring prices may cause coffee drinkers to defect to tea or soft drinks.

The 14-nation Association of Coffee Producing Countries is likely to defer plans to extend export quotas that were designed to keep a floor under world prices when they sagged last year.

"We should demonstrate that we are not a cartel by taking into account the interest of consumers," said Paian Nainggolan of Indonesia, the No. 3 seller after Brazil and Colombia.

Coffee for May delivery closed in London on Friday at $1,985 a ton, up $112. The price has risen 65 percent this year.

Latest increases on retail coffee in France mean that top-quality beans there are up by between a third and 45 percent since 1997 began. Shop prices are also on the rise in Europe and in the United States.

WORLD STOCK MARKETS

Friday, May 16

[illegible]

Packard Sends
...s Tumbling

PairGain Technologies, a maker of high-speed data-transmission equipment, was the most actively traded U.S. issue, falling 3⅞ to 17⅛ after an analyst at SoundView Financial Group warned that price cuts would weaken revenue growth.

Informix fell 1⅛ to 10¼ after the company said it would have to re-finance leases and raise cash to continue operations. Informix rose Thursday on optimism that Microsoft or Netscape Communications would make a bid for the software maker. Microsoft fell 1⅜ to 115¾.

Netscape, which makes Internet access software, tumbled 5 5/16 to 29⅛ after warning it did not expect to sustain past revenue and earnings growth because of rising costs.

But LHS Group rose to 19¼ on its first day of trading after the billing and customer-service software company sold 4.8 million shares in an initial offering priced at 12 to 1...

Lower Treasury bond prices and the resulting higher yields also weighed on stocks. The price of the benchmark 30-year issue fell 15/32 point, to 96 15/32, taking the yield up to 6.90 percent from 6.87 percent Thursday.

Reports showing strength in housing and improving consumer confidence kept alive concern the Federal Reserve Board might raise interest rates Tuesday, and this pushed down bond prices.

Investors have "mixed feelings" on the chances for a rate rise, said Matt Alexy at Credit Suisse First Boston. "There are good enough arguments on both sides."

U.S. STOCKS

...es Surprise Across EU

...RES

EUROPE

Caspian to Black Sea: $2 Billion Pipeline Set

Compiled by Our Staff From Dispatches

MOSCOW — After five years of disputes, a coalition of oil companies and governments agreed Friday to build a $2 billion pipeline to carry oil from the Caspian Sea to Russia's Black Sea coast.

Russia, Kazakstan and Oman signed an agreement with eight oil companies to finance the pipeline, opening the way for construction to start early next year.

Chevron Corp. and Atlantic Richfield Co. of the United States and AO Lukoil Holding of Russia were among the companies that agreed to finance the 900-mile (1,500-kilometer) pipeline from Kazakstan to the Russian port of Novorossiisk.

The long-awaited pipeline has been crucial to Chevron Corp.'s heavy investment in the region. Chevron, which is developing the giant Tengiz field, will be the primary customer when the pipeline starts exporting in 1999.

Reaching an agreement also was seen as a key test of the Russian government's ability to push a deal through. The consortium was set up in 1992 but was bogged down for years by financial disputes.

"Of course, five years is probably too much to sign the agreement and start its implementation," Russia's first deputy prime minister, Boris Nemtsov, said. "Russia has never participated in such a large-scale international project; and maybe lack of experience and red tape were to blame for the delay."

Analysts said the pipeline would be the next step in exploiting the vast oil reserves in the landlocked nations around the Caspian.

"The Caspian region is going to be a tremendous source of oil for the 21st century," said Stephen O'Sullivan, director of research at MC Securities. "This is the first step in Kazakstan getting a degree of independence from Russia."

The pipeline initially will transport 560,000 barrels a day, with an expansion planned to 1.5 million barrels a day, Chevron said.

"Today's signing of this historic agreement is a significant step toward realizing the potential offered by the vast Kazakstan petroleum reserves and de-bottlenecking Russia's crude-oil exports to the international markets," said Vladimir Stanev, director-general of the consortium building the pipeline.

The Russian government is the biggest shareholder in the consortium, with 24 percent. Kazakstan holds 19 percent and Oman holds 7 percent of the shares in the consortium.

Eight oil companies and joint ventures hold the remaining 50 percent. Chevron holds 15 percent, followed by Lukarco, a joint venture between Atlantic Richfield Co. and Lukoil, Russia's biggest oil producer and exporter, at 12.5 percent.

Rosneft-Shell owns 7.5 percent, Mobil Corp. owns 7.5 percent, Agip SpA of Italy owns 2 percent, and BG PLC owns 2 percent. A joint venture between Amoco Corp. and Kazakoil owns 1.75 percent, and Oryx Energy Corp. owns 1.75 percent.

(Bloomberg, AP)

Nations Set Coffee Talks

Reuters

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Coffee for May delivery closed in London on Friday at $1,985 a ton, up $112. The price has risen 65 percent this year.

Latest increases on retail coffee in France mean that top-quality beans there are up by between a third and 45 percent since 1997 began. Shop prices are also up elsewhere in Europe and in the United States.

Soothing Words for U.K. Markets

Kuwait to Reinvest Much of $2 Billion BP Proceeds in Britain

Bloomberg News

LONDON — The Kuwait Investment Office, saying it found investment conditions in Britain favorable, indicated Friday it would leave most of the $2 billion proceeds from its sale of British Petroleum PLC shares in British stock and bond markets.

"We plan to be very diversified, mainly in the U.K., but we will also buy into other major markets, both fixed-income and equity," said Yousef Alawadi, president of the investment office.

The fund decided to emphasize Britain because the BP shares were already part of its U.K. weighting, and because "we like what we see in this market," he said.

On Thursday, the investment office sold 170 million shares of BP stock, 3 percent of Britain's largest oil company, for £1.22 billion ($2 billion). The London-based investment office is part of the Kuwait Investment Authority, a Kuwaiti government agency that invests the country's oil revenue to provide for the time when Kuwait's oil reserves will be depleted. It is one of the world's largest and most conservative financial institutions.

The investment office said it had reduced its stake in BP because the stake had "come to represent a disproportionate part" of its holdings. It said it would remain a significant investor in BP and continued to hold about 6.3 percent of BP's share capital.

"We are not going to buy into any specific companies with core holdings," Mr. Alawadi said. "This will be very diversified; that is the whole rationale behind the sale of BP shares."

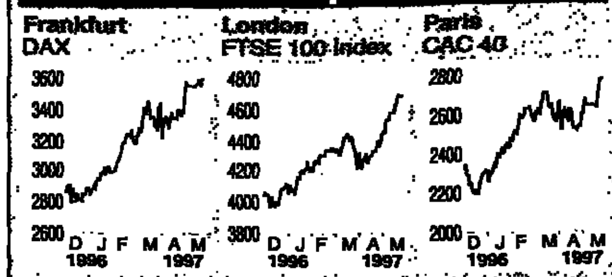
This month, the British Labour Party won a majority in Parliament, ending 18 years of Conservative Party rule. But Prime Minister Tony Blair has promised to maintain Conservative economic policies such as selling state assets, holding down income taxes and keeping down inflation.

The timing of the BP sale had nothing to do with the change of government, Mr. Alawadi said.

"We are positive on the company's management and the economic management of this country," he said. "It was purely a market transaction."

Mr. Alawadi declined to disclose the total amount of the investment office's assets under management or details of other stock holdings. He did say, however, that the office planned to reinvest the money quickly, "tactfully and quietly."

Investor's Europe



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	AEX	794.30	795.02	-0.09
Brussels	BEL-20	2,240.38	2,251.30	-0.49
Frankfurt	DAX	3,604.55	3,562.11	+1.19
Copenhagen	Stock Market	579.98	571.98	+1.29
Helsinki	HEX General	3,064.94	3,044.33	+0.66
Oslo	OBX	611.67	607.24	+0.73
London	FTSE 100	4,693.90	4,681.20	+0.27
Madrid	Stock Exchange	543.91	N/A	
Milan	MIBTEL	12596	12404	[illegible]
Paris	CAC 40	2,784.28	2,776.01	+0.30
Stockholm	SX16	2,961.81	2,970.20	-0.28
Vienna	ATX	1,251.38	1,249.39	+0.16
Zurich	SPI	3,255.91	3,245.92	+0.31

Source: Telekurs — International Herald Tribune

Start-Ups Stagnate VIAG Profit

Compiled by Our Staff From Dispatches

MUNICH — VIAG AG said Friday that start-up costs in telecommunications dampened gains in other businesses, holding its pretax profit nearly flat in the first quarter.

Germany's third-largest utility earned 674 million Deutsche marks ($399.5 million) before taxes in the quarter ended March 31, just up from 668 million DM a year ago, despite an increase in sales to 12.3 billion DM from 10.86 billion DM.

VIAG, British Telecommunications PLC and Telenor A/S of Norway have a joint venture called VIAG Interkom, which plans to compete with Deutsche Telekom AG when the German telecommunications market opens next year.

The group plans to invest 8.5 billion DM over the next 10 years in VIAG Interkom. VIAG alone will pay about 350 million DM this year in start-up costs, said its chief executive, Georg Obermeier.

Petra Meyer, an analyst with Oppenheim Finanzanalyse in Cologne, said: "The numbers were very disappointing. VIAG had said the first quarter would provide a good foundation for the rest of the year's earnings, but now I see very little impulse for much growth this year."

But VIAG said sales for the year would top 45 billion DM, up from 42.45 billion DM in 1996.

VIAG shares closed at 770 DM, down 1. *(Bloomberg, AFX)*

Cunard Drags Down Kvaerner Earnings

Compiled by Our Staff From Dispatches

OSLO — Europe's largest shipbuilder, Kvaerner ASA, reported a 58 percent decline in pretax profit Friday for the first three months of 1997 but predicted a strong recovery by year's end.

Pretax profit at the British-Norwegian construction and shipbuilding company fell to 224 million kroner ($32 million) from 537 million kroner a year earlier. Sales rose to 15.2 billion kroner from 7.41 billion kroner. Kvaerner blamed the drop on losses by its Kvaerner Energy unit and the cruise company Cunard, which it acquired last year as part of its purchase of Trafalgar House PLC for £904 million $1.48 billion).

Kvaerner's chief executive, Erik Toenseth, said the company expected "far better operating profit for 1997 as a whole than we saw in 1996."

The drop in profit was less than analysts and investors had expected, and the company's stock surged 25.50 kroner to close at 383.50, a record. Kvaerner's shipbuilding division showed a pretax profit of 256 million kroner, down from 283 million kroner a year earlier.

Its backlog of orders was 19 billion kroner at the end of the quarter, up from 15 billion kroner three months earlier.

Kvaerner, which saw its debt soar to 13.1 billion kroner from 5.4 billion after it bought Trafalgar House, has sold 10 billion kroner of assets in the past year, allowing it to reduce its debt to about 9.3 billion kroner.

(AP, Bloomberg)

Very briefly:

- **Germany's** upper house of Parliament, the Bundesrat, adopted a bill on privatizing the 36 percent of **Lufthansa AG** still in state hands; the transport minister said the action cleared the way for full privatization this year.
- **Russia** will sell 49 percent of **RAO Svyazinvest**, a telecommunications holding company, this month, but the exact date has not yet been set. Svyazinvest has controlling stakes in 85 regional telecommunications companies.
- **The European Union's** seasonally adjusted unemployment rate was 10.9 percent in March, unchanged from February, and down from 11.0 percent a year earlier.
- **The Brussels Labor Court of Appeals** confirmed a ruling that the procedure followed by the French automaker **Renault** in its decision to close its plant at Vilvoorde, near Brussels, was irregular. The ruling, issued April 3, said Renault had violated several Belgian orders and collective-bargaining agreements.
- **Tabacalera SA**, the Spanish state-controlled tobacco company, reported a 7 percent increase in net profit for the first quarter on growing cigarette sales, to 4.06 billion pesetas ($28.3 million) from 3.79 billion pesetas a year earlier.
- **Russia** will license **Iran** to build 60 passenger-aircraft engines in a $145 million deal. The engines will be installed on Ukrainian An-140 passenger jets. Iran has signed an agreement with **Ukraine** to assemble the planes in Iran.
- **Canal Plus SA** of France signed a three-year exclusive broadcasting contract with the U.S. production company **Miramax Film Corp.**, a unit of **Walt Disney Co.**, according to a published report.
- **Daimler-Benz AG** is re-examining the feasibility of its $1 billion venture to build its V-class minivan in China. The company said the project would not be profitable because a tax exemption on imported equipment was abolished in April and an expected rise in passenger-car demand had not materialized. *AFP, Reuters, AFX, Bloomberg, AP*

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	165.05	+0.06	+0.04	+10.67
Regional Indexes				
Asia/Pacific	124.19	+1.02	+0.83	+0.62
Europe	174.95	+0.53	+0.30	+8.53
N. America	188.45	-1.44	-0.76	+16.39
S. America	149.13	+0.03	+0.02	+30.32
Industrial Indexes				
Capital goods	200.25	-1.36	-0.67	+17.16
Consumer goods	187.98	-0.12	-0.06	+16.45
Energy	192.16	-0.22	-0.11	+12.57
Finance	123.36	+0.59	+0.48	+5.92
Miscellaneous	165.31	-0.31	-0.19	+2.18
Raw Materials	184.66	+0.01	+0.01	+5.29
Service	154.07	+0.83	+0.54	+12.20
Utilities	140.37	-0.25	-0.18	-2.15

The International Herald Tribune World Stock Index © tracks the U.S.-dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

WORLD STOCK MARKETS

Friday, May 16
Prices in local currencies.
Telekurs

Amsterdam
AEX index: 794.30 Previous: 795.02

	High	Low	Close	Prev.
ABN-AMRO	36.20	34.70	34.90	35.60
Aegon	144.70	143.50	143.70	143.70
Ahold	148.70	146	147	146.30
Akzo Nobel	263.80	261.20	261.80	261.90
Baan Co.	116	112	112.20	111.20
Bols Wess cva	37.20	36.60	36.90	37
CSM cva	110.40	105	104.50	111
Dordtsche Pet	377.40	373.50	373.50	375
DSM	196	194	195.40	194.20
Elsevier	33.80	33.40	33.40	33.50
Fortis Amev	76.80	76.10	76.40	75.60
Getronics	62.30	61.30	61.40	62
G-Brocades cva	66.60	65.40	65.70	66
Hagemeyer	88.90	86.10	87	88
Heineken	337.50	328.50	330	334
Hoogovens cva	89.20	88.30	88.80	88.10
Hunt Douglas	168.50	166	167	165.80
ING Group	80.40	79.50	79.70	79.40
KLM	60	58.80	59	59.40
KNP BT	41	40.50	40.90	40.70
KPN	70.40	69.10	69.40	69.90
Nedlloyd Gp	50.30	48.10	48.10	47.50
Nutricia	298.80	293.70	295.70	297.60
Oce Grinten	245	243	243.90	244.20
Philips Elec	110.70	109.40	110.70	109.10
Polygram	96.70	94.70	96.40	95.70
Randstad Hdg	186	182	186	179
Robeco	172.20	170.60	170.60	169.60
Rodamco	60.80	60.10	60.80	60.20
Rolinco	175	174.50	174.50	173.20
Rorento	110.70	110.30	110.30	110.10
Royal Dutch	365	360.50	361.50	361.70
Unilever cva	391.30	384.50	385.40	387.90
Vendex Intl	102.90	101.80	102.10	101.20
VNU	42.30	41.60	42.30	41.20
Wolters Kl cva	241.90	239.50	240	237.60

Bangkok
SET index: 561.19 Previous: 557.87

	High	Low	Close	Prev.
Adv Info Svc	175	160	175	161
Bangkok Bk F	202	194	196	195
Krung Thai Bk	26.75	25.50	26.50	25.25
PTT Explor	320	306	320	310
Siam Cement F	550	512	536	522
Siam Com Bk F	131	126	129	130
Telecomasia	30.50	28.25	30	29
Thai Airways	37.75	36.50	37	37
Thai Farm Bk F	118	113	116	115
Utd Comm	130	117	118	130

Bombay
Sensex 30 index: 3759.61 Previous: 3741.22

	High	Low	Close	Prev.
Bajaj Auto	892	864	870.75	885.75
Hindust Lever	1070	1050.25	1070	1056.75
Hindust Petm	426.50	420.50	421	426.50
Ind Dev Bk	88.50	85	88	88.25
ITC	442.75	423	442	421.25
Mahanagar Tel	284.75	281	281.25	281
Reliance Ind	295.50	293	294.25	293.50
State Bk India	306	303.25	304	303
Steel Authority	20.75	20	20	20.50
Tata Eng Loco	394.50	381	393.25	380

Brussels
BEL-20 index: 2240.38 Previous: 2251.30

	High	Low	Close	Prev.
Almanij	15275	15125	15225	15150
Barco Ind	6580	6350	6370	6540
BBL	8990	8910	8930	8930
CBR	3500	3450	3450	3465
Colruyt	14500	14275	14275	14275
Delhaize Lion	1830	1810	1815	1825
Electrabel	8270	8240	8260	8250
Electrafina	3595	3570	3570	3580
Fortis AG	6500	6400	6440	6460
Gevaert	3040	2910	2960	2895
GBL	5700	5630	5660	5690
Gen Banque	14350	14050	14250	14300
Kredietbank	13700	13600	13625	13600
Petrofina	12975	12900	12925	12975
Powerfin	5090	5060	5090	5070
Royale Belge	9770	9670	9700	9670
Soc Gen Belg	3280	3250	3270	3250
Solvay	21375	21100	21200	21375
Tractebel	15400	15325	15350	15350
UCB	97500	95550	95550	96200

Copenhagen
Stock index: 579.98 Previous: 571.98

	High	Low	Close	Prev.
BG Bank	322	315	315	314
Carlsberg B	402	396	396	396
Codan Fors	890	880	885	885
Danisco	398	393	397	394.60
Den Danske Bk	630	616	628	620
D/S Svendborg B	346000	340000	346000	329333
D/S 1912 B	243000	232000	242500	234000
FLS Ind B	1070	1054	1060	1070
Kob Lufthavne	711	704	710	705
Novo Nordisk B	724	709	713	718
Sophus Ber B	900	883.89	890	873
Tele Danmk B	333	328	330	329.50
Tryg Baltica	363	354	360	356
Unidanmark A	355.41	351	354	353

Frankfurt
DAX: 3604.55 Previous: 3562.11

	High	Low	Close	Prev.
AMB B	1250	1250	1240	1267.50
Adidas	184	183	183.50	182
Allianz Hdg	360	356.50	359.30	352.50
Altana	1393	1366	1380	1371
Bk Berlin	39.25	38.60	38.70	38.20
BASF	66.28	66	66.07	67.28
Bayer Hypo Bk	57.80	57.50	57.70	55.85
Bay.Vereinsbank	73.85	73.50	73.85	72.45
Bayer	65.90	65.30	65.82	65.20
Beiersdorf	90.50	90	90	89.60
Bewag	43	42	42	43.20
BMW	1437	1425	1428	1430
CKAG Colonia	175	174	174.50	173
Commerzbank	49.15	48.85	49	48
Daimler Benz	135.25	134.40	135.15	134.20
Degussa	77.50	76.20	77.50	75.50
Deutsche Bank	99.20	98.40	98.70	96.90
Deut Telekom	39.75	38.95	39.48	39.32
Dresdner Bank	60.65	59.80	60.60	58.40
Fresenius	367	357.50	359	359
Fresenius Med	152	149.30	151.40	149.50
Fried. Krupp	320	320	320	320
Gehe	117.80	116	116.50	115.50
Heidelbg Zmt	163	159	160.50	157
Henkel pfd	96	94.50	95.50	94
HEW	487	487	0.00	0.00
Hochtief	77.50	76	77	77.50
Hoechst	67.70	67.31	67.50	65.85
Karstadt	583.50	575	583	545
Lahmeyer	76.50	75.50	75.50	76
Linde	1288	1255	1266	1270
Lufthansa	29.45	29	29.45	28.70
MAN	515	510	513.50	507
Mannesmann	721	711	717	710
Metallgesellschaft	36.70	36.55	36.65	36
Metro	167.95	166	167	165.25
Munch Rueck R	4435	4400	4430	4385
Preussag	460.50	459	460	453.50
RWE	74.65	74.35	74.55	74.10
SAP pfd	320.50	319	319	318.60
Schering	178.40	176.60	177.50	175.80
SGL Carbon	237.50	237	237	235.50
Siemens	99.65	98.70	99	98.10
Springer (Axel)	1530	1530	0.00	0.00
Suedzucker	930	930	930	940
Thyssen	384.50	383.50	384	383.50
Veba	99.75	99	99.60	99.60
VEW	510	510	510	505
Viag	777	762.50	770	771
Volkswagen	1158.50	1154.50	1156	1149

Helsinki
HEX General index: 3064.54 Previous: 3044.33

	High	Low	Close	Prev.
Enso A	45.90	45.50	45.90	45.70
Huhtamaki I	243	239	240	240
Kemira	50.20	49.80	50	49.80
Kesko	73.90	73.20	73.70	73
Merita A	18.30	17.90	18	17.90
Metra B	141.50	140	140	140.50
Metso-Serla B	43.90	40.90	41.50	41
Neste	139	138	138	139
Nokia A	341	336	339	337
Orion-Yhtymae	202	201	201.50	201
Outokumpu A	106.50	101.10	105.10	101.50
UPM-Kymmene	123.50	122.40	123.40	122.40
Valmet	88	86	88	86.20

Hong Kong
Hang Seng: 14062.37 Previous: 14041.99

	High	Low	Close	Prev.
Amoy Props.	8.50	8.30	8.40	8.40
Bk East Asia	28.25	28	28.15	28.20
Cathay Pacific	12	11.75	12	11.75
Cheung Kong	78.50	76.25	77	76.50
CK Infrastruct	22.50	22.25	22.30	22.50
China Light	37.20	36.70	37	36.90
Citic Pacific	43.50	42.50	42.80	42.90
Dao Heng Bk	38.80	38.20	38.30	38.70
First Pacific	9.60	9.50	9.50	9.55
Hang Lung Dev	14.75	14.60	14.70	14.55
Hang Seng Bk	93.50	91.50	92	94
Henderson Inv	8.80	8.65	8.80	8.65
Henderson Ld	72.75	71	72	71.75
HK China Gas	12.55	12.45	12.55	12.50
HK Electric	27.70	27.25	27.70	27.80
HK Telecomm	15.75	15.45	15.50	15.50
Hopewell Hdgs	4.08	4	4	4.03
HSBC Hdgs	220	215	220	218
Hutchison Wh	62.50	60.75	61.50	62
Hysan Dev	23.75	22.40	23.40	23.45
Johnson El Hdg	24.25	23.95	24	24.30
Kerry Props	18.60	18.40	18.55	18.55
New World Dev	49.30	48.50	48.70	48.80
Oriental Press	2.68	2.60	2.65	2.60
Pearl Oriental	3.13	3.08	3.13	3.13
SHK Props	94.25	92.75	94	93.75
Shun Tak Hdgs	4.85	4.80	4.85	4.83
Sino Land Co.	8.35	8.10	8.15	8.25
Sth China Post	7.15	7.05	7.10	7.05
Swire Pac A	62.75	61.25	62.50	61.50
Wharf Hdgs	31	30.20	30.60	31
Wheelock	18.35	18.10	18.35	18.30

Jakarta
Composite index: 657.07 Previous: 656.99

	High	Low	Close	Prev.
Astra Intl	6150	5950	6150	6150
Bk Intl Indon	1800	1750	1775	1750
Bk Negara	1500	1450	1500	1475
Gudang Garam	9800	9725	9725	9775
Indocement	3050	2975	3025	3050
Indofood	5050	5000	5050	5000
Indosat	6800	6800	6800	6925
Sampoerna HM	9800	9600	9700	9950
Semen Gresik	5900	5525	5575	5875
Telekomunikasi	3700	3625	3675	3675

Johannesburg
All Market: 7142.81 Previous: 7172.08

	High	Low	Close	Prev.
Amalgamtd Bks	29.65	29.25	29.40	29.25
AngloAm Coal	308	307	307	308
AngloAm Corp	272.75	270.25	270.25	273
AngloAm Gold	315	302.50	305	318
AngloAm Ind	193	191	192	191
AVMIN	16.60	16.50	16.60	16.50
Barlow	49.40	49	49.40	49
C.G. Smith	25.15	24.90	24.90	25.25
De Beers	159.75	159	159.25	159.25
Driefontein	41.60	40.50	40.50	41.60
Fst Natl Bk	35	34.50	34.50	35
Gencor	18.70	18.60	18.65	18.65
GFSA	118	115	115	118
Imperial Hdgs	59	58.75	58.75	58.75
Ingwe Coal	29.55	29.50	29.50	29.50
Iscor	3.16	3.13	3.14	3.16
Johnnies Indl	58.75	58.25	58.50	58.25
Liberty Hdgs	343	342.50	342.50	342.50
Liberty Life	130	129.50	129.50	129.75
LibLife Strat	17.55	17	17	17.75
Minorco	100.25	99.75	99.75	99.75
Nampak	17.75	17.35	17.70	17.35
Nedcor	91.50	91	91	91.50
Rembrandt Gp	49.75	49	49.65	49.25
Richemont	64	62.75	63	63.75
Rust Platinum	73.50	71.75	71.75	73
SA Breweries	131	128.50	130.25	128.75
Samancor	47.25	47	47	47
Sasol	53.75	53.25	53.75	53.50
SBIC	215	214.75	214.75	215
Tiger Oats	76	75.75	75.75	75.75

Kuala Lumpur
Composite: 1041.91 Previous: 1041.27

	High	Low	Close	Prev.
AMMB Hdgs	15.90	15.30	15.70	16
Genting	13.30	12.70	13.10	13
Mal Banking	25	24.20	24.90	25
Mal Intl Ship F	5.60	5.50	5.60	5.55
Petronas Gas	8.85	8.35	8.70	8.50
Proton	11.80	10.80	11.50	11.80
Public Bk	4.28	4.18	4.20	4.30
Renong	3.16	3.04	3.08	3.14
Resorts World	8.85	8.40	8.75	8.55
Rothmans PM	24.40	23.30	24.20	23.20
Sime Darby	7.85	7.50	7.75	7.75
Telekom Mal	17	16.30	17	17
Tenaga	11.20	10.90	11.10	11.30
Utd Engineers	17.50	16.60	17	17.10
YTL	9.60	9.45	9.60	9.60

London
FT-SE 100: 4693.90 Previous: 4681.20

	High	Low	Close	Prev.
Abbey Natl	9.72	9.26	9.57	9.27
Allied Domecq	4.63	4.56	4.57	4.57
Anglian Water	7.03	6.92	7.01	6.98
Argos	6.15	6.03	6.06	6.05
Asda Group	1.21	1.18	1.21	1.20
Assoc Br Foods	5.62	5.56	5.62	5.55
BAA	5.42	5.33	5.37	5.35
Barclays	12.98	12.66	12.83	12.65
Bass	8.37	8.13	8.14	8.19
BAT Ind	5.67	5.48	5.63	5.51
Bank Scotland	4.21	4.14	4.17	4.15
Blue Circle	4.23	4.12	4.15	4.16
BOC Group	10.25	10.03	10.18	10
Boots	7.37	7.27	7.30	7.24
BPB Ind	3.35	3.31	3.33	3.32
Brit Aerosp	12.90	12.68	12.68	12.85
Brit Airways	7.64	7.36	7.59	7.44
BG	1.99	1.87	1.94	1.87
Brit Land	6.05	5.95	6	5.93
Brit Petm	7.30	7.20	7.23	7.20
BSkyB	5.87	5.69	5.78	5.66
Brit Steel	1.49	1.47	1.48	1.48
Brit Telecom	4.77	4.52	4.56	4.50
BTR	2.28	2.19	2.21	2.17
Burmah Castrol	10.45	10.32	10.38	10.38
Burton Gp	1.45	1.38	1.40	1.46
Cable Wireless	5.07	4.95	5.03	4.95
Cadbury Schw	5.52	5.42	5.52	5.51
Carlton Comm	5.32	5.22	5.25	5.26
Comml Union	7.36	7.31	7.34	7.35
Compass Gp	6.60	6.50	6.60	6.57
Courtaulds	3.20	3.15	3.18	3.25
Dixons	5.01	4.94	4.97	4.97
Electrocomponents	4.01	3.98	3.99	4.02
EMI Group	12.90	12.45	12.45	12.81
Energy Group	5.45	5.31	5.33	5.38
Enterprise Oil	6.85	6.53	6.82	6.69
Fors Colonial	1.63	1.62	1.62	1.62
Genl Accident	9.61	9.49	9.51	9.47
GEC	3.61	3.52	3.53	3.64
GKN	9.59	9.37	9.55	9.34
Glaxo Wellcome	12.99	12.78	12.79	12.71
Granada Gp	9.37	9.21	9.27	9.31
Grand Met	5.76	5.65	5.72	5.59
GRE	3.04	2.98	2.99	2.99
Greenalls Gp	5.06	4.93	4.95	5.05
Guinness	5.75	5.40	5.70	5.64
GUS	6.68	6.53	6.55	6.65
Hays	5.83	5.73	5.75	5.77
HSBC Hldgs	17.91	17.17	17.28	17.21
ICI	7.95	7.87	7.91	7.90
Impl Tobacco	4.14	4.05	4.07	4.03
Kingfisher	7.36	7.18	7.28	7.20
Ladbroke	2.50	2.47	2.49	2.47
Land Sec	8.94	8.80	8.87	8.79
Lasmo	2.43	2.36	2.39	2.37
Legal Genl Grp	4.50	4.44	4.49	4.42
Lloyds TSB Gp	6.22	6.01	6.15	5.93
LucasVarity	2.02	1.99	2.01	2
Marks Spencer	5.11	5.03	5.07	5.07
MEPC	5.04	4.96	5	4.95
Mercury Asset	14	13.52	13.70	13.74
National Grid	2.27	2.24	2.25	2.24
Natl Power	5.82	5.11	5.66	5.63
NatWest	8.09	7.94	8.07	8.08
Next	7.32	6.96	7.18	6.95
Orange	2.21	2.17	2.19	2.18
P&O	6.52	6.30	6.48	6.44
Pearson	7.29	7.16	7.21	7.12
Pilkington	1.17	1.13	1.17	1.14
PowerGen	7	6.82	6.87	6.83
Premier Farnell	4.75	4.64	4.75	4.63
Prudential	6.82	6.67	6.67	6.66
Railtrack PP	4.34	4.28	4.31	4.28
Rank Group	4.52	4.44	4.48	4.49
Reckitt Colm	9.18	9.08	9.16	9.15
Redland	3.38	3.26	3.28	3.33
Reed Intl	6.22	6.10	6.21	6.15
Rentokil Initial	4.60	4.50	4.57	4.39
Reuters Hdgs	6.82	6.71	6.75	6.74
Rexam	2.85	2.75	2.75	2.86
RMC Group	9.40	9.25	9.34	9.29
Rolls Royce	2.52	2.47	2.47	2.47
Royal Bk Scot	6.52	6.30	6.35	6.36
RTZ reg	10.69	10.27	10.45	10.30
Royal & Sun All	5.12	4.98	4.99	5.09
Safeway	3.65	3.58	3.58	3.62
Sainsbury	3.80	3.70	3.78	3.73
Schroders	17.85	17.40	17.84	17.44
Scot Newcastle	7.08	7	7.03	7.05
Scot Power	3.95	3.85	3.88	3.88
Securicor	2.96	2.93	2.95	2.94
Severn Trent	7.97	7.49	7.91	7.94
Shell Transp R	11.81	11.62	11.69	11.62
Siebe	9.93	9.68	9.86	9.88
Smith Nephew	1.77	1.75	1.77	1.77
SmithKline	10.73	10.48	10.54	10.63
Smiths Ind	7.70	7.58	7.70	7.68
Sthern Elec	4.32	4.20	4.31	4.28
Stagecoach	6.40	6.15	6.32	6.17
Stand Charter	10.08	9.93	9.98	10
Tate & Lyle	4.68	4.60	4.65	4.60
Tesco	3.95	3.88	3.93	3.88
Thames Water	6.88	6.80	6.82	6.86
3i Group	5.06	4.98	5.02	4.99
TI Group	5.52	5.33	5.34	5.58
Tomkins	2.78	2.73	2.73	2.74
Unilever	17.03	16.85	16.98	16.90
Utd Assurance	5.09	5.03	5.03	5.08
Utd News	7.81	7.32	7.69	7.78
Utd Utilities	6.90	6.75	6.82	6.84
Vendome Lx uts	5.39	5.32	5.32	5.37
Vodafone	2.80	2.74	2.77	2.76
Whitbread	8.05	7.95	8	7.96
Williams Hdgs	3.16	3.12	3.14	3.15
Wolseley	4.79	4.69	4.71	4.79
WPP Group	2.53	2.50	2.51	2.50
Zeneca	19.89	10.64	19.70	19.75

Madrid
Bolsa index: 543.91 Previous: 546.76

	High	Low	Close	Prev.
Acerinox	24500	24180	24200	24280
ACESA	1755	1730	1755	1735
Aguas Barcelon	5830	5700	5770	5800
Argentaria	7290	7100	7130	7290
BBV	10580	10330	10390	10490
Banesto	1775	1670	1675	1740
Bankinter	23310	23220	23250	23300
Bco Centro Hisp	5020	4985	5000	5000
Bco Popular	33640	33100	33110	33250
Bco Santander	11900	11660	11760	11780
CEPSA	5190	5050	5050	5150
Continente	2655	2680	2640	2600
Corp Mapfre	7900	7710	7730	7850
Endesa	11350	10950	11050	11160
FECSA	1240	1285	1215	1240
Gas Natural	28690	27380	27650	29000
Iberdrola	1735	1695	1705	1715
Pryca	2730	2675	2695	2730
Repsol	6060	5980	6000	6000
Sevillana Elec	1365	1345	1355	1355
Tabacalera	7220	7050	7150	7130
Telefonica	4085	4015	4040	4075
Union Fenosa	1280	1255	1265	1270
Valenc Cement	2025	1985	2005	1990

Manila
PSE index: 2576.13 Previous: 2631.89

	High	Low	Close	Prev.
Ayala B	16.75	16	16	16.75
Ayala Land	19	18.50	18.50	19
Bk Philip Isl	142	141	141	142
C&P Homes	10	9.90	10	10.25
Manila Elec A	88.50	86.50	86.50	89
Metro Bank	565	555	555	560
Petron	7.40	7.20	7.30	7.40
PCIBank	275	275	275	285
Phil Long Dist	735	700	735	730
San Miguel B	69.50	68.50	69	69
SM Prime Hdg	6.80	6.70	6.70	6.80

Mexico
Bolsa index: 3885.78 Previous: 3887.28

	High	Low	Close	Prev.
Alfa A	47.35	47.30	47.30	47.50
Banacci B	18.12	17.88	18.08	17.80
Cemex CPO	28.45	28.20	28.25	28.30
Cifra C	12.44	12.30	12.30	12.40
Emp Moderna	39.15	39.80	39.15	39.15
Gpo Carso A1	46.75	46.40	46.50	46.40
Gpo F Bcomer	1.85	1.80	1.82	1.82
Gpo Fin Inbursa	28.30	27.25	28.00	27.20
Kimb Clark Mex	29.30	29.00	29.25	29.20
Televisa CPO	97.30	96.20	96.60	96.60
TelMex L	17.28	17.08	17.10	17.14

Milan
MIB Telematico: 12588.00 Previous: 12404.00

	High	Low	Close	Prev.
Alleanza Assic	12600	11950	11950	12400
Bca Comm Ital	3920	3855	3890	3835
Bca Fideuram	4700	4580	4695	4600
Bca di Roma	1250	1220	1231	1217
Benetton	23750	22800	23550	22650
Credito Italiano	2710	2565	2610	2690
Edison	8040	7800	7980	7750
ENI	9145	8970	9030	8905
Fiat	5585	5450	5505	5580
Generali Assic	31000	30550	30750	30650
IMI	16350	15825	16200	15800
INA	2360	2320	2345	2325
Italgas	5800	5660	5740	5710
Mediaset	7700	7585	7670	7595
Mediobanca	10485	10120	10465	10170
Montedison	1070	1042	1064	1055
Olivetti	486	470	472.50	477
Parmalat	2710	2635	2705	2640
Pirelli	3925	3820	3850	3895
RAS	14070	13895	13950	13995
Rolo Banca	19100	18520	18640	18220
S Paolo Torino	11180	10970	11170	11000
Stet	8445	8275	8370	8240
Telecom Italia	4755	4670	4725	4635
TIM	5245	5095	5125	5175

Montreal
Industrials index: 3108.46 Previous: 3107.86

	High	Low	Close	Prev.
Bce Mob Com	44.20	43.90	44.10	43.90
Cdn Tire A	25.70	25.45	25.45	25½
Cdn Util A	35	34⅝	34.95	34.65
CT Finl Svc	33½	33½	33½	33½
Gaz Metro	17.45	17.25	17.45	17¼
Gt-West Lifeco	29	28⅝	29	27¾
Imasco	38.80	38.65	38¾	38¾
Investors Grp	27½	26.65	27½	27½
Loblaw Cos	19	18.90	18.95	18.90
Natl Bk Canada	16.40	16.10	16.15	16.40
Power Corp	30.45	30.10	30.45	30.10
Power Finl	29	28.35	28.80	27.40
Quebecor B	25½	25.40	25.40	25.40
Rogers Comm B	7.70	7½	7½	7.70
Royal Bk Cda	60.10	59.40	59.40	59.95

Oslo
OBX index: 611.67 Previous: 607.24

	High	Low	Close	Prev.
Aker A	132	130	131	129.50
Bergesen Dy A	159	157	157.50	159.50
Christiania Bk	23.10	22.90	22.90	23
Den norske Bk	27.30	26.50	27.30	26.90
Elkem	133	131	131	132
Hafslund A	46	44.50	46	44.50
Kvaerner Asa	392	360	383.50	358
Norsk Hydro	349.50	347.50	349	347
Norske Skog A	243	241	241	243
Nycomed A	100	97	97.50	99
Orkla Asa A	608	600	600	603
Petm GeoSvc	287	285	286	282
Saga Petm A	133.50	130.50	133	131
Schibsted	140	135.50	136.50	140
Transocean Off	450	450	450	450
Storebrand Asa	45.50	45.10	45.50	45.40

Paris
CAC-40: 2784.28 Previous: 2776.01

	High	Low	Close	Prev.
Accor	888	868	878	863
AGF	195.50	193	193.40	193.10
Air Liquide	927	910	927	917
Alcatel Alsth	693	680	687	685
Axa-UAP	375.80	370.10	374.70	369.70
Bancaire	759	745	757	747
BIC	890	871	879	879
BNP	261.90	254.40	254.40	258.10
Canal Plus	1115	1075	1083	1098
Carrefour	3919	3800	3885	3808
Casino	283.10	270	275.10	273.20
CCF	285.70	270	276	280.50
Cetelem	657	643	655	643
Christian Dior	918	911	913	913
CLF-Dexia Fran	558	539	540	539
Credit Agricole	1268	1267.50	1267.50	1268
Danone	935	917	922	911
Elf-Aquitaine	608	598	601	608
Eridania BS	955	911	928	921
Eurodisney	9.50	9.25	9.35	9.50
Eurotunnel	6.65	6.45	6.50	6.55
Gen. Eaux	819	807	815	806
Havas	444.10	433.10	437.20	436.10
Imetal	820	804	820	805
Lafarge	402.50	398.20	400.40	407
Legrand	984	964	968	963
L'Oreal	2197	2160	2187	2154
LVMH	1494	1467	1488	1470
Lyon. Eaux	588	582	584	581
Michelin B	360.90	349.50	351.50	353
Paribas A	412	402.30	404	405.50
Pernod Ricard	311	305	310	308
Peugeot Cit	670	647	656	673
Pinault-Print	2520	2471	2489	2493
Promodes	2189	2100	2115	2117
Renault	159	152.80	157	154
Rexel	1679	1621	1666	1640
Rh-Poulenc A	198.90	194	196.90	194.50
Sanofi	571	560	566	564
Schneider	323.70	315	320	336.90
SEB	1030	1014	1023	1025
SGS Thomson	453.80	440.10	446	440.90
Ste Generale	709	695	699	705
Sodexho	2830	2801	2830	2791
St Gobain	870	847	848	865
Suez	311	307.60	309.90	308
Synthelabo	717	705	715	705
Thomson CSF	195.90	193.50	195.70	193.10
Total B	568	550	558	559
Usinor	92.70	90	91.30	91.80
Valeo	373	366	369.90	365.10

São Paulo
Bovespa index: 10431.24 Previous: 10253.79

	High	Low	Close	Prev.
Bradesco Pfd	9.00	8.80	8.850	8.90
Brahma Pfd	775.00	768.490	768.50	775.00
Cemig Pfd	47.00	46.00	46.30	46.60
CESP Pfd	56.50	56.00	56.00	55.80
Copel	15.85	15.85	15.85	15.85
Eletrobras	482.00	470.00	472.00	473.00
Itaubanco Pfd	570.00	568.00	569.00	569.99
Light Servicos	493.00	485.00	485.00	496.00
Lightpar	326.00	325.980	326.00	326.01
Petrobras Pfd	237.00	232.50	236.50	231.00
Paulista Luz	162.00	160.00	160.00	159.50
Sid Nacional	35.80	35.80	35.80	36.20
Souza Cruz	9.39	9.35	9.35	9.35
Telebras Pfd	133.00	130.70	132.00	130.00
Telemig	150.50	146.50	148.40	147.99
Telerj	155.00	149.00	150.00	154.00
Telesp Pfd	340.00	327.01	332.99	331.00
Unibanco	38.30	38.30	38.30	38.00
Usiminas Pfd	1.21	1.18	1.19	1.19
CVRD Pfd	24.30	23.90	24.10	23.90

Seoul
Composite index: 699.53 Previous: 699.95

	High	Low	Close	Prev.
Dacom	94800	90080	91100	93900
Daewoo Heavy	6790	6400	6690	6290
Hyundai Eng.	18000	17200	17200	17600
Kia Motors	16400	15600	16100	15600
Korea El Pwr	26500	25700	25700	25800
Korea Exch Bk	5350	5200	5250	5200
Korea Mob Tel	393500	357500	367000	388500
LG Semicon	32500	30800	32000	30700
Pohang Iron St	55700	54200	54300	55000
Samsung Display	43500	42800	42300	43400
Samsung Elec	64000	62800	63000	63600
Shinhan Bank	10400	9950	9950	10100

Singapore
Straits Times: 2068.58 Previous: 2069.74

	High	Low	Close	Prev.
Asia Pac Brew	6.60	6.55	6.55	6.60
Cerebos Pac	8.75	8.65	8.75	8.75
City Devts	13.10	12.60	12.70	13.30
Cycle Carriage	14.60	14.30	14.40	14.50
Dairy Farm Intl*	0.76	0.75	0.75	0.77
DBS foreign	18.10	17.50	18.10	17.90
DBS Land	4.92	4.84	4.88	4.90
Fraser & Neave	11.70	11.40	11.50	11.80
HK Land*	2.50	2.47	2.49	2.49
Jard Matheson*	6.45	6.25	6.30	6.40
Jard Strategic*	3.72	3.60	3.62	3.60
Keppel	6.95	6.90	6.95	6.95
Keppel Bank	3.78	3.74	3.76	3.78
Keppel Fels	4.78	4.74	4.74	4.72
Keppel Land	3.98	3.92	3.94	3.98
OCBC foreign	17.90	17.50	17.70	17.90
OS Union Bk F	10	9.65	10	9.90
Parkway Hdgs	6.25	5.95	6.25	6.25
Sembawang	6.55	6.45	6.50	6.60
Sing Air foreign	13.40	13	13.30	13.20
Sing Land	7.05	6.85	6.95	6.90
Sing Press F	28.80	27.40	28.20	28.50
Sing Tech Ind	3.94	3.82	3.90	3.94
Sing Telecomm	2.59	2.54	2.54	2.60
Tat Lee Bank	3.36	3.32	3.36	3.36
Utd Industrial	1.13	1.11	1.12	1.12
Utd O'Sea Bk F	15	14.40	14.70	14.60
Wing Tai Hdgs	4.16	4.06	4.08	4.12

*: in U.S. dollars.

Stockholm
SX 16 index: 2961.81 Previous: 2970.20

	High	Low	Close	Prev.
AGA B	103.50	102.50	102.50	103.50
ABB A	104.50	102.50	104	103
AssiDoman	216	210	215	215
Astra A	328	317	320	323.50
Atlas Copco A	215	208	211.50	212
Autoliv	305	295.50	297.50	304.50
Electrolux B	466	443	446	460
Ericsson B	274	269.50	269.50	268
Hennes B	285	266	271	274
Incentive A	655	642	650	643
Investor B	377	373.50	375	373
MoDo B	250	246	249	248
Nordbanken	241	239	240	239.50
Pharm/Upjohn	261	257	260	258.50
Sandvik B	206	203	204	204.50
Scania B	226	223	225.50	226
SCA B	170.50	169	169.50	168.50
S-E Banken A	85.50	84	84	86.50
Skandia Fors	250.50	246.50	247	248.50
Skanska B	330	327	328.50	325.50
SKF B	180	178.50	180	179
Sparbanken A	155	151.50	152.50	155
Stadshypotek A	191	190	190	190
Stora A	117.50	116	117	117.50
Sv Handles A	224	219	219.50	222.50
Volvo B	212.50	208	208.50	207.50

Sydney
All Ordinaries: 2538.10 Previous: 2525.80

	High	Low	Close	Prev.
Amcor	8.52	8.42	8.50	8.45
ANZ Bking	8.44	8.33	8.33	8.43
BHP	18.71	18.18	18.69	18.13
Boral	3.94	3.83	3.92	3.84
Brambles Ind.	23.70	23.48	23.66	23.53
CBA	14.61	14.12	14.12	14.65
CC Amatil	14.85	14.75	14.80	14.75
Coles Myer	6.20	6.16	6.16	6.20
Comalco	7.05	6.92	7.02	6.93
CRA	20.52	20.12	20.41	20.03
CSR	4.62	4.55	4.60	4.56
Fosters Brew	2.63	2.60	2.63	2.63
Goodman Fld	1.75	1.71	1.72	1.72
ICI Australia	12	11.90	11.90	11.90
Lend Lease	24.50	24.25	24.45	24.50
MIM Hdgs	1.83	1.77	1.82	1.76
Nat Aust Bank	18.07	17.75	17.95	18.11
Nat Mutual Hdg	2.10	1.95	1.98	1.94
News Corp	5.77	5.68	5.76	5.70
Pacific Dunlop	3.56	3.48	3.54	3.50
Pioneer Intl	4.35	4.33	4.34	4.34
Pub Broadcast	6.58	6.50	6.50	6.50
St George Bank	8.05	7.91	7.92	8.06
WMC	8.10	7.87	8.08	7.87
Westpac Bking	7.30	7.15	7.24	7.32
Woodside Pet	11.20	11.03	11.20	11.02
Woolworths	4.06	4	4.05	4.01

Taipei
Stock Market index: 8081.79 Previous: 7996.10

	High	Low	Close	Prev.
Cathay Life Ins	159	155	158	154
Chang Hwa Bk	126	120	126	118
Chiao Tung Bk	73.50	71	72.50	71
China Developmt	119.50	116.50	117.50	116
China Steel	30.30	29.40	29.90	29.20
First Bank	125	119	124.50	117
Formosa Plastic	66	64.50	65	65
Hua Nan Bk	124	118	122	116.50
Intl Comm Bk	72	69	71.50	68
Nan Ya Plastics	69.50	68	68	68.50
Shin Kong Life	98.50	96	96.50	95
Taiwan Semi	101	97	97.50	100.50
Tatung	56	55.50	56	54.50
Utd Micro Elec	65.50	63	64	64.50
Utd World Chin	71.50	70	70.50	69.50

Tokyo
Nikkei 225: 20324.31 Previous: 20054.72

	High	Low	Close	Prev.
Ajinomoto	1200	1190	1200	1190
All Nippon Air	779	756	779	764
Amway	4350	4300	4350	4380
Asahi Bank	810	795	795	809
Asahi Chem	707	697	702	695
Asahi Glass	1180	1160	1170	1160
Bk Tokyo Mitsu	2110	2070	2110	2070
Bk Yokohama	545	527	534	529
Bridgestone	2690	2640	2670	2650
Canon	2930	2880	2920	2930
Chubu Elec	2090	2060	2060	2070
Chugoku Elec	2050	2030	2020	2050
Dai Nipp Print	2470	2420	2470	2420
Daiei	724	715	724	718
Dai-Ichi Kang	1530	1500	1520	1510
Daiwa Bank	437	434	437	434
Daiwa House	1400	1380	1390	1380
Daiwa Sec	877	861	865	866
DDI	8840a	8400a	8570a	8880a
Denso	2920	2860	2900	2860
East Japan Ry	5530a	5450a	5520a	5500a
Eisai	2290	2260	2280	2250
Fanuc	4200	4110	4170	4150
Fuji Bank	1530	1510	1530	1520
Fuji Photo	4640	4580	4680	4680
Fujitsu	1380	1360	1360	1360
Hachijuni Bk	1140	1110	1140	1110
Hitachi	1240	1220	1230	1220
Honda Motor	3680	3640	3650	3710
IBJ	1430	1400	1420	1430
IHI	509	490	500	504
Itochu	635	627	635	626
Ito-Yokado	6720	6680	6710	6700
JAL	529	525	528	523
Japan Tobacco	8760a	8570a	8730a	8570a
Jusco	4500	4300	4430	4220
Kajima	705	695	704	694
Kansai Elec	2190	2160	2170	2180
Kao	1600	1560	1570	1600
Kawasaki Hvy	543	530	542	537
Kawa Steel	372	365	369	369
Kinki Nipp Ry	709	704	709	705
Kirin Brewery	1200	1170	1200	1150
Kobe Steel	231	226	230	225
Komatsu	904	882	885	890
Kubota	587	579	582	578
Kyocera	7430	7310	7390	7430
Kyushu Elec	2020	1980	1990	1980
LTCB	378	365	372	365
Marubeni	508	502	508	500
Marui	2220	2170	2190	2210
Matsu Comm	3280	3230	3240	3260
Matsu Elec Ind	2200	2150	2190	2170
Matsu Elec Wk	1320	1310	1310	1300
Mitsubishi	1400	1370	1390	1360
Mitsubishi Ch	415	400	403	410
Mitsubishi El	703	698	701	694
Mitsubishi Est	1660	1640	1650	1660
Mitsubishi Hvy	862	852	857	855
Mitsubishi Mat	906	900	905	985
Mitsubishi Tr	1640	1560	1620	1550
Mitsui	994	986	990	990
Mitsui Fudosn	1500	1460	1470	1500
Mitsui Trust	855	835	845	850
Murata Mfg	4890	4820	4890	4810
NEC	1610	1590	1600	1590
Nikon	1880	1850	1850	1860
Nikko Sec	748	720	734	736
Nintendo	9120	8850	8850	8900
Nipp Express	953	936	949	930
Nippon Oil	630	610	613	615
Nippon Steel	371	366	369	371
Nissan Motor	749	744	746	743
NKK	266	262	263	265
Nomura Sec	1430	1400	1420	1390
NTT	1070b	1050b	1070b	1030b
NTT Data	4380b	4280b	4280b	4390b
Oji Paper	766	757	760	759
Osaka Gas	305	298	302	303
Ricoh	1490	1460	1490	1460
Rohm	10100	10100	10100	10200
Sakura Bk	719	707	715	707
Sankyo	3580	3500	3550	3460
Sanwa Bank	1510	1490	1510	1490
Sanyo Elec	514	498	498	509
Secom	8210	8060	8200	7960
Seibu Rwy	6350	6200	6310	6200
Sekisui Chem	1190	1150	1170	1200
Sekisui House	1220	1190	1210	1190
Seven-Eleven	8700	8450	8700	8400
Sharp	1640	1620	1640	1630
Shikoku El Pwr	1990	1980	1980	1980
Shimizu	715	708	712	705
Shin-etsu Ch	2660	2600	2630	2660
Shiseido	1730	1700	1710	1740
Shizuoka Bk	1150	1130	1150	1130
Softbank	8380	8200	8250	8400
Sony	9820	9730	9820	9750
Sumitomo	964	940	947	923
Sumitomo Bk	1570	1540	1540	1530
Sumit Chem	490	477	480	485
Sumitomo Elec	1840	1820	1840	1810
Sumit Metal	310	303	305	309
Sumit Trust	1090	1070	1090	1070
Taisho Pharm	3160	3100	3160	3090
Takeda Chem	2900	2880	2900	2890
TDK	9090	8860	9050	8890
Tohoku El Pwr	2010	1990	2000	2000
Tokai Bank	960	947	960	946
Tokio Marine	1430	1360	1410	1360
Tokyo El Pwr	2220	2200	2200	2200
Tokyo Electron	5080	5000	5060	5000
Tokyo Gas	306	299	304	297
Tokyu Corp.	715	694	697	670
Tonen	1430	1390	1420	1390
Toppan Print	1760	1730	1750	1730
Toray Ind	802	788	792	784
Toshiba	734	721	725	716
Tostem	2930	2870	2890	2900
Toyo Trust	890	877	883	837
Toyota Motor	3620	3560	3570	3540
Yamanouchi	2860	2830	2850	2870

a: x 100; b: x 1,000

Toronto
TSE Industrials: 6236.46 Previous: 6274.65

	High	Low	Close	Prev.
Abitibi Price	23.45	23.05	23.15	23.45
Alberta Energy	32½	32.20	32.40	32.40
Alcan Alum	49	48.70	48.80	49.10
Anderson Expl	18.35	18.15	18.20	18.15
Bk Montreal	53½	53	53.05	53.30
Bk Nova Scotia	57.65	57.10	57.20	57.65
Barrick Gold	33.65	33¼	33.45	34
BCE	35.05	34.55	34.80	35
BC Telecomm	30	29.85	29.85	29.80
Biochem Pharm	30	30	30	30¼
Bombardier B	28½	28.30	28.40	28.55
Brascan A	35.30	35.10	35.15	35.60
Cameco	50¼	49½	49¾	49.55
CIBC	34.20	33.40	33.40	34.05
Cdn Natl Rail	55.70	55.35	55.35	55½
Cdn Natl Res	36	35¾	35¾	36
Cdn Occid Pet	29	28.65	28.90	29
Cdn Pacific	35.35	35	35.05	35.35
Cominco	39.30	38.10	39	38.35
Dofasco	25	24¾	24¾	25
Domtar	11½	11¼	11¼	11.40
Donohue A	30.15	29.70	29.80	29¾
Du Pont Cda A	35.70	35¼	35.45	35.40
Edper Group	23.85	23.60	23.70	23.70
EuroNev Mng	42.30	40.90	41	42.30
Fairfax Finl	325	315	320	317
Falconbridge	31¼	30	31¼	30.95
Fletcher Chall A	23.80	23.55	23.55	23.55
Franco Nevada	70¼	69¼	69.80	70½
Gulf Cda Res	11.90	11.45	11.70	11.90
Imperial Oil	64.65	64	64.45	64.20
Inco	46.20	45.80	46.10	45.95
IPL Energy	43	42¾	42.80	43.10
Laidlaw B	18.85	18½	18.65	18.85
Loewen Group	42	41.60	42	41.80
Macmill Bldl	20.10	19.90	19.90	20.85
Magna Intl A	76½	75	75	77.20
Methanex	12.60	12.10	12.10	12⅛
Moore	29.15	28.85	29.05	29
Newbridge Net	47½	46.80	47.15	47.70
Noranda Inc	31.90	31.55	31.55	31.85
Norcen Energy	32.85	32.70	32.85	32.95
Nthern Telecom	108½	107.15	108¼	107.65
Nova	11.85	11.55	11.60	11.80
Onex	25½	25	25	25
Pancdn Petm	30.35	30¼	30¼	30.30
Petro Cda	23½	23¼	23.30	23.35
Placer Dome	25.40	25.05	25.30	25.90
Poco Petm	15⅛	15	15	15⅛
Potash Sask	114¼	113	114¼	114.35
Renaissance	40.80	40.65	40¾	40.30
Rio Algom	36.85	36.60	36.60	36.95
Rogers Cantel B	25½	25	25	25½
Seagram Co	53½	52.60	52.60	53.40
Shell Cda A	57.60	57¼	57½	57½
Stone Consold	23½	23.15	23.20	23.40
Suncor	36.40	34.65	35	36.20
Talisman Eny	46	45.55	45.70	45¾
Teck B	30.70	30.55	30.55	30.70
Teleglobe	44	43.15	44	43
Telus	23.10	23	23.05	23.10
Thomson	30.15	30	30.10	30.10
TorDom Bank	41.05	40.65	40.65	41
Transalta	15.85	15.80	15.80	15.80
TransCda Pipe	25.85	25.60	25¾	25.80
Trimark Finl	50¼	50	50.20	50¼
Trizec Hahn	31½	30.95	30.95	32.10
TVX Gold	8.65	8.45	8½	8.85
Westcoast Eny	24.30	24	24.10	24.30
Weston	76	75.10	75¾	76

Vienna
ATX index: 1251.38 Previous: 1249.39

	High	Low	Close	Prev.
Boehler-Uddeh	938	900.50	923	914.55
Creditanst Pfd	513.30	505.60	512	508
EA-Generali	3080	3000	3050	3030
EVN	1620	1580	1596	1612.50
Flughafen Wien	515	510	515	510
OMV	1436.80	1420	1436.80	1421
Oest Elektriz	863.95	860.10	861.90	862.10
VA Stahl	528.20	520.50	525.20	520.50
VA Tech	2009.95	1986	1983.20	2026
Wienerberg Bau	2403	2341	2365.05	2330

Wellington
NZSE-40 index: 2314.84 Previous: 2310.72

	High	Low	Close	Prev.
Air N Zeald B	4.32	4.30	4.32	4.32
Brierly Invt	1.36	1.34	1.35	1.36
Carter Holt ord	3.31	3.27	3.30	3.27
Fletch Ch Bldg	4.04	4.00	4.04	4.00
Fletch Ch Eny	4.70	4.65	4.70	4.65
Fletch Ch Forst	1.95	1.93	1.93	2.00
Fletch Ch Paper	3.25	3.23	3.25	3.26
Lion Nathan	3.57	3.55	3.56	3.55
Telecom NZ	6.68	6.64	6.65	6.62
Wilson Horton	11.70	11.70	11.70	11.70

Zurich
SPI index: 3255.91 Previous: 3245.92

	High	Low	Close	Prev.
ABB B	1994	1968	1971	1990
Adecco B	498	486.50	498	498
Alusuisse R	1305	1290	1295	1295
Ares-Serono B	1998	1931	1950	1990
Atel R	870	870	870	868
Baer Hdg B	2050	2020	2030	2078
Baloise Hdg R	3305	3240	3300	3300
BK Vision	1036	1030	1036	1025
Ciba Spec Chem	138.75	133.25	133.25	133.75
Clariant R	837	830	833	831
Crd Suisse Gp R	176.75	171.25	172	171.75
Elektrowatt B	527	523	526	523
Ems-Chemie	6335	6240	6240	6245
ESEC Hdg	4700	4525	4655	4615
Holderbank B	1233	1219	1225	1220
Liechtenst LB B	490	487	489	489
Nestle R	1868	1845	1857	1849
Novartis R	2044	2004	2011	2028
Oerlikn Bueh R	160	155.25	157	154.50
Pargesa Hld B	1806	1775	1796	1775
PharmaVisn B	837	827	832	822
Richemont A	2030	2004	2024	2055
Pirelli PC	236	230	235	235
Roche Hdg PC	13535	13370	13495	13200
SBC R	348	347.50	343.50	343.50
Schindler PC	1930	1904	1915	1925
SGS B	3295	3240	3270	3265
SMH B	869	852	865	850
Sulzer R	1112	1094	1110	1085
Swiss Reins R	1848	1823	1824	1815
Swissair R	1370	1336	1370	1328
UBS B	1510	1490	1499	1493
Winterthur R	1125	1110	1110	1120
Zurich Assur R	502	497	498	497.50

NYSE

Friday's 4 P.M. Close

Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

EGYPT

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– President Mohamad Hosni Mubarak
Keynote address at the World Economic Forum Davos – February 2, 1997

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China Puts Brakes on Exchanges

State's Intervention Helps Depress Stocks

SHANGHAI — Beijing finally brought China's recalcitrant stock markets to heel Friday, pushing prices down with the announcement of a huge new listing quota and the suspension of trading in the shares of several companies.

Shenzhen's domestic A share index plunged 9.65 percent to end at [illegible] points, and Shanghai's A share index was down 4.65 percent. [illegible] which are reserved for [illegible] investors, were dragged down 7.8 percent to 1,907.3 in Shenzhen and 3.51 percent to 1,047.6 in Shanghai.

The actions are part of China's biggest crackdown on the securities market in more than two years. [illegible] government will [illegible] and when [illegible] chief of ABN-AMRO [illegible] Green said they had [illegible] yuan ($3.61 [illegible] share issues [illegible] quota [illegible] suspended trading [illegible] computer's ris[illegible] and two as [illegible] into [illegible] share [illegible] The [illegible] screw for the [illegible] share trader [illegible] began in [illegible] measures to [illegible] Exchange, [illegible] trade in [illegible] Software [illegible] maker [illegible] Elec[illegible] in Heber [illegible] ording to [illegible] The [illegible] Exchange [illegible] Old[illegible] Co. [illegible] for [illegible] period [illegible] Peri[illegible]

Continued on Page 14

Harry's
Est 1911 Paris
"Sank Roo Doe Noo"
A Space for Thought

China Puts Brakes on Exchanges

State's Intervention Helps Depress Stocks

Compiled by Our Staff From Dispatches

SHANGHAI — Beijing finally brought China's recalcitrant stock markets to heel Friday, pushing prices down with the announcement of a huge new listing quota and the suspension of trading in the shares of several companies.

Shenzhen's domestic A share index plunged 9.33 percent to end at 467.37 points, and Shanghai's A share index was down 4.62 percent, at 1,375.91.

B shares, which are reserved for foreign investors, were dragged down, too, falling 7.8 percent to 159.07 in Shenzhen and 3.51 percent to 84.438 in Shanghai.

The actions are part of China's biggest crackdown on the securities industry in more than two years.

"It's clear the government will take an aggressive stand toward what they consider to be speculative activity," Bruce Richardson, chief of ABN-AMRO Hoare Govett, said.

Chinese authorities said they had approved a 30 billion yuan ($3.61 billion) quota of new share issues for 1997, double the 1996 quota. Authorities also suspended trading in the A shares of two companies on the Shanghai exchange and two in Shenzhen for investigations into sharp fluctuations in their share prices in recent days.

"This was the last straw for the markets today," an A share trader said. "Rumors immediately began to swirl around saying more measures to cool down the markets will follow."

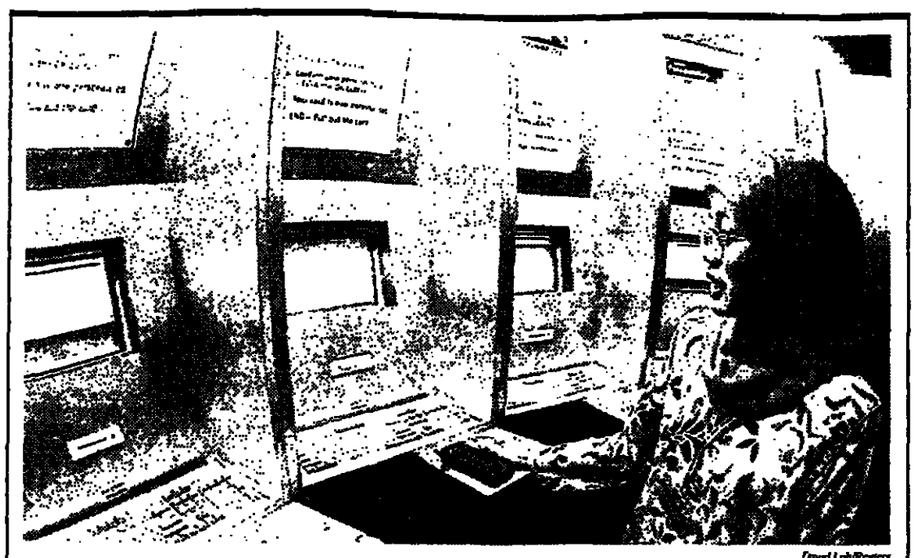
The Shanghai Stock Exchange, China's biggest, halted trade in Shenyang Neu-Alpine Software Co., a computer-software maker that is partly owned by Alpine Electronics Inc. of Japan, and in Hebei Weiyuan Industry Co., according to an exchange statement.

The Shenzhen Stock Exchange suspended trading in Luzhou Old-Cellar Co., a liquor producer, and Shenzhen Energy Investment Co., a power company, according to a Shanghai Stock Exchange official.

Regulators also fined four of Shenzhen's biggest brokerages for stock manipulation and threatened to suspend their trading licenses for a year, the South China Morning Post reported, quoting unnamed sources.

Beijing has become increasingly impatient with the stock markets in recent weeks, after months of strong rises that came despite frequent warnings from the authorities about overheating and the risks of stock investments. But analysts said sentiment on the markets remained fundamentally positive, with the economic outlook good.

(Reuters, Bloomberg)



David Loh/Reuters

ON-LINE — A visitor trying a "smart" card at a Telekom Malaysia booth. The firm leads a project to promote multimedia in Malaysia. Prime Minister Mahathir bin Mohamad will open a model "cybercity" Saturday in which all homes have the Internet and use smart cards for transactions.

Singapore Growth Rate Slows to 3.8%

Compiled by Our Staff From Dispatches

SINGAPORE — Singapore's economy grew 3.8 percent in the first quarter from a year earlier, slowing from 5.8 percent growth in the fourth quarter, as the manufacturing sector posted its biggest decline in 12 years, statistics released Friday showed.

The manufacturing sector shrank 6.7 percent in the first three months from a year earlier. The decline was steeper than the 0.7 percent fall in the fourth quarter.

A slowdown in the electronics division led the drop in manufacturing, as electronics output sank 10.3 percent in the first quarter, the Economic Development Board said. In the fourth quarter, electronics rose 6.8 percent.

The electronics industry accounts for the largest portion of Singapore's total manufacturing, at almost half.

"Looking ahead," said Peter Ong, deputy secretary at the Ministry of Trade and Industry, "we see some positive indications of the electronics turnaround, but the timing and pace still remains uncertain."

"Apart from disk drives and telecommunications equipment, other electronic segments, such as personal computers, consumer electronics and semiconductors remained weak," the ministry said.

Some analysts said they expected moves by the government to revive the manufacturing sector. Eddie Lee, regional economist with Vickers Ballas in Singapore, said the possibilities included cutting the corporate tax rate by 2 percent, to 24 percent, in the national budget to be unveiled soon.

The Trade and Industry Ministry maintained its 1997 GDP growth forecast at 5 percent to 7 percent. The island state's economy advanced 7 percent last year.

"The U.S economy is growing strongly," Mr. Ong said. "This will fuel demand for electronics products."

He added that manufacturing investments coming into Singapore remained "healthy." "We expect businesses to continue to restructure," he said, "as to gear up for competition "when the electronics upturn comes about." *(Bloomberg, AFP)*

Airline Earnings Flat

Reuters

SINGAPORE — High fuel costs, a strong Singapore dollar and sluggish economies in some of its major markets held back earnings at Singapore Airlines Ltd. last year, the carrier said Friday. In the year that ended March 31, the airline earned a net 1.03 billion Singapore dollars ($721 million), up 0.1 percent from the previous year.

Now, Seoul Says Yes to Reforms

Reuters

SEOUL — Party and government officials promised Friday to pursue laws implementing financial reforms, reversing positions they took a day earlier.

The Federation of Korean Industries threw its weight behind the push for change, saying financial-reform efforts would ease pressures on companies that have had trouble securing financing because of a wave of debt defaults by large companies.

On Thursday, the governing New Korea Party, supported by a contingent of Finance Ministry officials, said the government should delay reforms. The party said more time was needed to review reform proposals on issues such as central-bank independence, conglomerates' participation in bank management and mergers and acquisitions of financial companies.

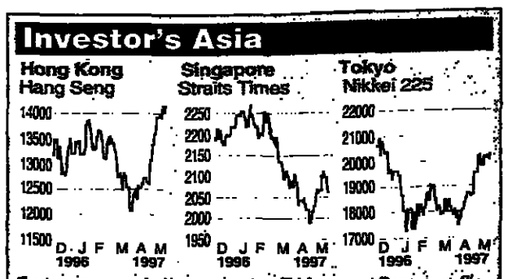
But everything had changed by Friday, when the party said it had agreed with the Finance Ministry to push forward with financial reforms now being drafted by a presidential commission.

"We decided not to ask the government to delay the legislation," a party official said.

The change of heart followed a pledge by Finance Minister Kang Kyong Shik late Thursday to try to enact financial reform by submitting new legislation to a special parliamentary session in June. The presidential commission was to meet Saturday to draft proposals to be sent to President Kim Young Sam by the end of May. But a commission official said the panel would refine some proposals next week.

Analysts were skeptical that reforms would come this year, with a presidential election due in December. "The financial-reform issue seems to have gone back to the starting point," Lee Keunmo, head of research at ING Barings, said. "I doubt Parliament's intention to pass the laws."

Investor's Asia



Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	14,062.37	14,041.90	+0.15
Singapore	Straits Times	2,060.50	2,069.74	-0.45
Sydney	All Ordinaries	2,538.10	2,525.00	+0.52
Tokyo	Nikkei 225	20,324.73	20,056.31	+1.34
Kuala Lumpur	Composite	1,041.91	1,041.27	+0.06
Bangkok	SET	561.19	557.87	+0.60
Seoul	Composite Index	699.53	699.95	-0.06
Taipei	Stock Market Index	8,081.79	7,996.10	+1.07
Manila	PSE	2,576.18	2,631.08	-2.09
Jakarta	Composite Index	657.07	656.99	+0.01
Wellington	NZSE-40	2,314.84	2,310.72	+0.18
Bombay	Sensitive Index	3,759.64	3,741.22	+0.49

Source: Telekurs International Herald Tribune

Very briefly:

- **Mitsui Fudosan Co.**, Japan's largest real-estate developer, had a pretax loss of 66.5 billion yen ($573 million) in the year that ended in March, after heavy losses on property sales. It had a pretax profit of 8.4 billion yen a year earlier.
- **Japan's** cabinet adopted a plan to help the economy by reforming the structure of high-cost industry by 2001. The measures call for reducing costs of basic services, such as distribution, energy and telecommunications, to levels prevailing in the United States and Europe.
- **News Corp.** shares took a beating this week amid fears that Rupert Murdoch's interest in the Los Angeles Dodgers baseball team signals another expensive purchase. Shares closed at 5.76 Australian dollars ($4.48), down 26 cents for the week.
- **Honda Motor Co.**, citing strong sales, said net profit for the year that ended in March could climb to 219 billion yen, the highest in its 49-year history and triple last year's figure.
- **Nissan Motor Co.** developed a car, for sale at the end of 1998, that has both an electric motor and a gasoline engine that powers a generator to run a traction motor. The car can be used without charging the batteries from an external source.
- **Yamaha Corp.**'s pretax profit rose 10.4 percent from a year earlier, to 15.1 billion yen, in the year that ended in March. Yamaha, the world's largest maker of musical instruments said sales rose 5.2 percent, to 402.9 billion yen.
- **Dow Corning Corp.** of the United States opened a factory in Shanghai, its first in China, to produce silicon emulsion and sealant. *AFP, Bloomberg News, Reuters*

Biggest Indian Beer Maker Plans to Acquire a String of U.S. Microbreweries

By Glenn Collins
New York Times Service

NEW YORK — India's largest beer maker and distributor plans to buy up small U.S. brewers and create a more efficient national network of local beer makers, in a new consolidation of the troubled American microbrewery industry.

In entering the U.S. market through an affiliate, the company, United Breweries Group of Bangalore, India, hopes to challenge such giant brewers as Anheuser-Busch Cos. and Miller Brewing Co., which also have sought to acquire microbreweries to enter the so-called craft brewing market.

United Breweries Group is the world's eighth-largest maker and distributor of spirits, with $1.2 billion in revenue, according to analysts. With its Kingfisher lager brand, it is India's largest brewer, controlling 40 percent of the Indian beer market.

Initially, the plan to create the network under the umbrella of a public company, which must be approved by the U.S. Securities and Exchange Commission, will be modest, comprising seven existing microbrewers that produced 50,000 barrels of beer and had revenue totaling just $8.5 million last year.

"It's the first time that any company from outside the United States has come here to buy microbreweries and the first time any company has tried to create this kind of network," said Jerry Steinman, publisher of Beer Marketer's Insights, a trade newsletter published in Nanuet, New York.

"The question is whether it will work," he said. "Other potential major investors have not tried it."

Controlling the American affiliate will be the chairman of the Indian company, Vijay Mallya, who has moved from Bangalore to Sausalito, California. His company is actively seeking to acquire new craft brewers through stock swaps that will leave the current owners with a minority interest.

The local microbreweries in the network "will be managed by their present owners, and the breweries' names will stay the same," said James Bernau, who will be president of the Indian company's U.S. affiliate, United Craft Brewers.

Among the seven companies to be included in the network is Nor'Wester Brewing Co. in Portland, Oregon, founded by Mr. Bernau. If the plan survives federal scrutiny, the network of breweries will be publicly traded on the Nasdaq market under the name United Craft Brewers and the stock symbol ALES, currently the symbol for Nor'Wester. Sales of craft beers, which are made from all-malt recipes without artificial colors or flavors, amount to 2.6 percent of the $50 billion U.S. beer market, Mr. Steinman said.

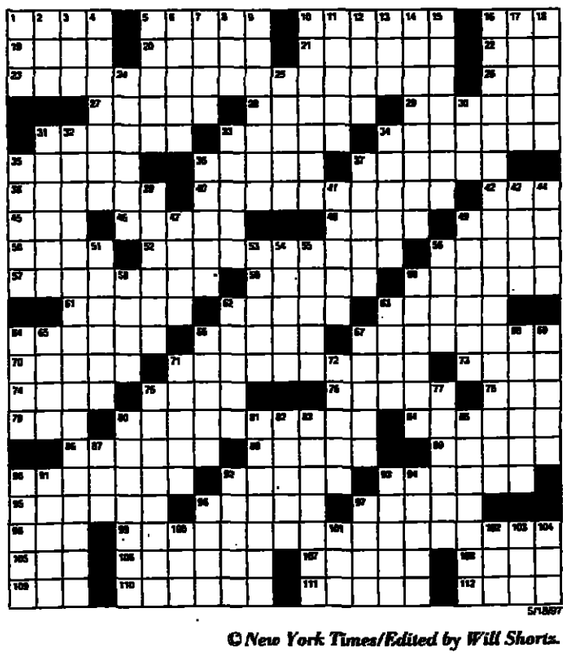
■ Danone Plans Brewery Venture in China

Groupe Danone, a French food company, has agreed to set up a joint venture in Wuhan, China, with Wuhan Dongxihu Brewery Corp., AFX News in Hong Kong quoted the official Chinese news agency Xinhua as reporting. Xinhua said the group would invest 320 million yuan ($60 million) and would hold a 60 percent stake in the venture, to be called Wuhan Euro-Dongxihu Brewery Co.

IN HONOR OF 80-ACROSS, By Frances Hansen

ACROSS
1 Like some appliances
5 *Cremona name*
10 Spite
16 Halloween get-up
19 Inveigh (against)
20 Actor Alain
21 50's-70's Dodgers manager Walt
22 Slip
23 1938 film
26 Where Maracaña Stadium is
27 "La Navarraise" heroine
28 Wheezy chest sounds
29 Nursery rhyme character who "fell fast asleep"
31 Daiquiri flavor
33 —— clock (self-winding timepiece)
34 Fiasco
35 Emergency supply
36 Of the upper hipbone
37 Started eating
38 City on the North Platte
40 "It Happened One Night" star
42 Printemps month
45 *Prayer word*
46 Waiting area for the Robert E. Lee
48 One of a Latin trio
49 *Ursula* Andress's birthplace
50 Get better, so to speak
52 "Meet John Doe" *star*
56 P. C. Wren's Beau
57 Rank below abbess
59 Kind of space
60 Name in Keats's "On First Looking Into Chapman's Homer"
61 3-2, e.g.
62 Some poker payments
63 Faineance
64 Home for Heidi
66 Plow part
67 Abel, for one
70 *Put an edge on*
71 "You Can't Take It With You" star
73 1958 Pulitzer author
74 British royal, informally
75 Former Eur. airline
76 Alternative to Corinthian
78 Inexperienced
79 Ref's decision
80 Born May 18, 1897, he directed all the films named in this puzzle
84 Wheedle
86 60's series set in post-Civil War
88 Appropriate
89 Spread out
90 St. ——, first American links locale
92 Pakistan's chief river
93 Odalisques serve them
95 *Contradicts*
96 Respected one
97 Barbecue offering
98 One of Princess Yasmin's names
99 *1948 film*
105 Private eye
106 Tennis doubles player
107 Utters
108 Like some votes
109 St. Agnes's —— (January 20)
110 Salad start
111 Ballet ——
112 Like a 103-Down, maybe

DOWN
1 Usher's offering
2 "Wheels"
3 Served the *purpose*
4 Make a killing
5 Contribute during preparation
6 Famous party *giver*
7 Marine ——
8 Moreover
9 Physics topic
10 Griffith TV role
11 Fugard's "A Lesson From ——"
12 W.W. II transports: Abbr.
13 Four-time Japanese P.M.
14 Sounds from the tea
15 Make heroic
16 1951 film
17 Posthumous Plath book
18 Fumble
24 Nail polish
25 Island next to Leyte
30 You can stand this!
31 Oregonian
32 1944 film
33 Part of a tennis court
34 Except
35 Rascal
36 Their work goes down the tubes
37 Hall-of-——
39 Shopping street in London's West End
41 Shows surprise
43 Puccini's "Vissi d'——"
44 Don Juan's mother
47 Like Asia's reaches
49 Woman's wide lace collar
51 Pianist-actor Wilson
53 "Over There" composer
54 Louise de la Ramée's pen name
55 The Water Rat's friend
56 Sticky stuff
58 Reconsidered
60 Father
62 Typewriter sound
63 Snuh, in a way
64 Chin
65 It means "Out of my way!"
66 Game of chance
67 Young hog
68 *Dominions*
69 Hero of 1898
71 Steinbeck family
72 Early weather satellite
75 Plymouth *Colony leader*
77 Character actor J. —— Naish
80 Emancipation
81 Western backdrops
82 Caller on Miss Mullens, in Longfellow
83 Sack
85 Guy in the street
87 TV actress Meyers
90 Moderate
91 Beersheba's locale
92 Grant Wood, notably
93 Knife handles
94 Wrong
96 Title for Kiri Te Kanawa
97 Rap duo —— Kross
100 Bernadette, e.g.: Abbr.
101 Six-foot runner?
102 George's brother
103 Certain letter
104 Nevada county seat



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Solution to Puzzle of May 10-11

G	A	D	G	E	T		C	O	S	P	S		B	O	B	T	W	A	Y
A	K	A	R	E	A		A	R	I	A	D	N	E		A	V	E	R	A	G	E
T	I	M	O	T	H	Y	T	U	T	O	R		L	I	E	F	S	E	P
		S	W	O	O	N			T	E	I	N	I		A	P	E	S	
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Solution to Puzzle of May 10-11

Harry's
Est. 1911, Paris
"Sank Roo Doe Noo"
A Space for Thought.

HONG KONG: *Lending Woes*

Continued from Page 9

Kong is set to get a supply surge of roughly 50 percent over the next two years in both residential and commercial property.

Given the new supply, the additional credit necessary to sustain the current world-record-breaking prices should be cause for alarm. Meanwhile, the government is promising to increase the land supply. Land sales revenue last year was equal to 5 percent of GDP. Increase the supply, and either prices will fall or developers will have to borrow even more to sustain them.

Can Hong Kong assume that foreign capital will continue to flow in at recent rates to keep the balloon inflated? Even if the answer is yes, can the banking system assume that it is prudent to continue to increase its exposure to property to levels unheard of in Japan or Thailand?

Have banks stopped to think what would happen if, for whatever reason, U.S. interest rates rose two or three percentage points? Or if some problems in China caused capital outflow or even a modest fall in money supply?

Hong Kong has had a financial crisis in each of the past three decades, all caused by property credit excesses.

Last time, in the mid-1980s, several banks collapsed. Each time the banks vow "never again," but eventually history is forgotten and banks again take to financing large quantities of home mortgages and other projects.

The Hong Kong Monetary Authority has made some efforts to persuade banks to restrain property lending. But it has had scant success. Meanwhile, given Hong Kong's fixed exchange rate and freedom of capital movement, the agency has almost no influence on monetary growth.

The bottom line is that Hong Kong may well get through this credit blister without repeating history. But if good central banking is about reducing risk, Hong Kong has lessons to learn from Japan, Thailand and its own past.

AXA Gets China Access

Reuters

PARIS — The French insurer Axa-UAP said Friday it had won approval from Beijing to sell insurance in China.

Chinese officials told President Jacques Chirac of France during a four-day trade mission to China that they would license Axa-UAP to sell life insurance in Shanghai, making it one of a handful of foreign insurers authorized to enter the domestic market, the company said.

The deal was one of a series of agreements clinched by Mr. Chirac on his visit, which coincided with France's parliamentary election campaign.

Axa-UAP, whose chairman, Claude Bebear, accompanied Mr. Chirac on the trip, said procedural hurdles meant it would take at least a year before the company could selling policies in China. Foreign insurers are permitted to sell only in Shanghai and Guangzhou.

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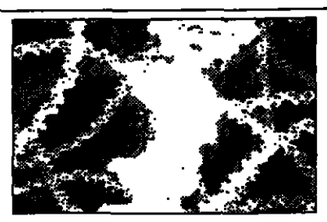
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CRACKING THE CODE
could allows us to transform our world.
The problems is, in human beings,
the code is six billion letters long.
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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of the above Fund (the "Fund") will be held at the offices of Banque Internationale à Luxembourg, Société Anonyme, 69, route d'Esch, L-1470 Luxembourg, on 2 June, 1997 at 2:00 p.m. to consider, and if thought fit, pass the following resolutions:

RESOLUTIONS

1. **That the Fund be put into liquidation with effect from the date of the passing of this resolution;**
2. **That Banque Internationale à Luxembourg S.A. be appointed as Liquidator of the Fund.**

The meeting originally convened for 30 April, 1997 could not validly deliberate on the agenda due to lack of quorum.

No quorum is required for the meeting on 2 June, 1997 and the passing of resolution number one requires the consent of 2/3 of the shares represented at the meeting.

Since 30th April 1997, it is no longer possible to subscribe for shares in the Fund.

Holders of bearer shares who wish to attend the meeting, should deposit their share certificate with Banque Internationale à Luxembourg S.A., 69, route d'Esch, L-1470 Luxembourg (for the attention of Mrs. Nicole Dupont or Mrs. Anne-Marie Müller) by no later than 5:30 p.m. (Luxembourg Time) on 29 May, 1997.

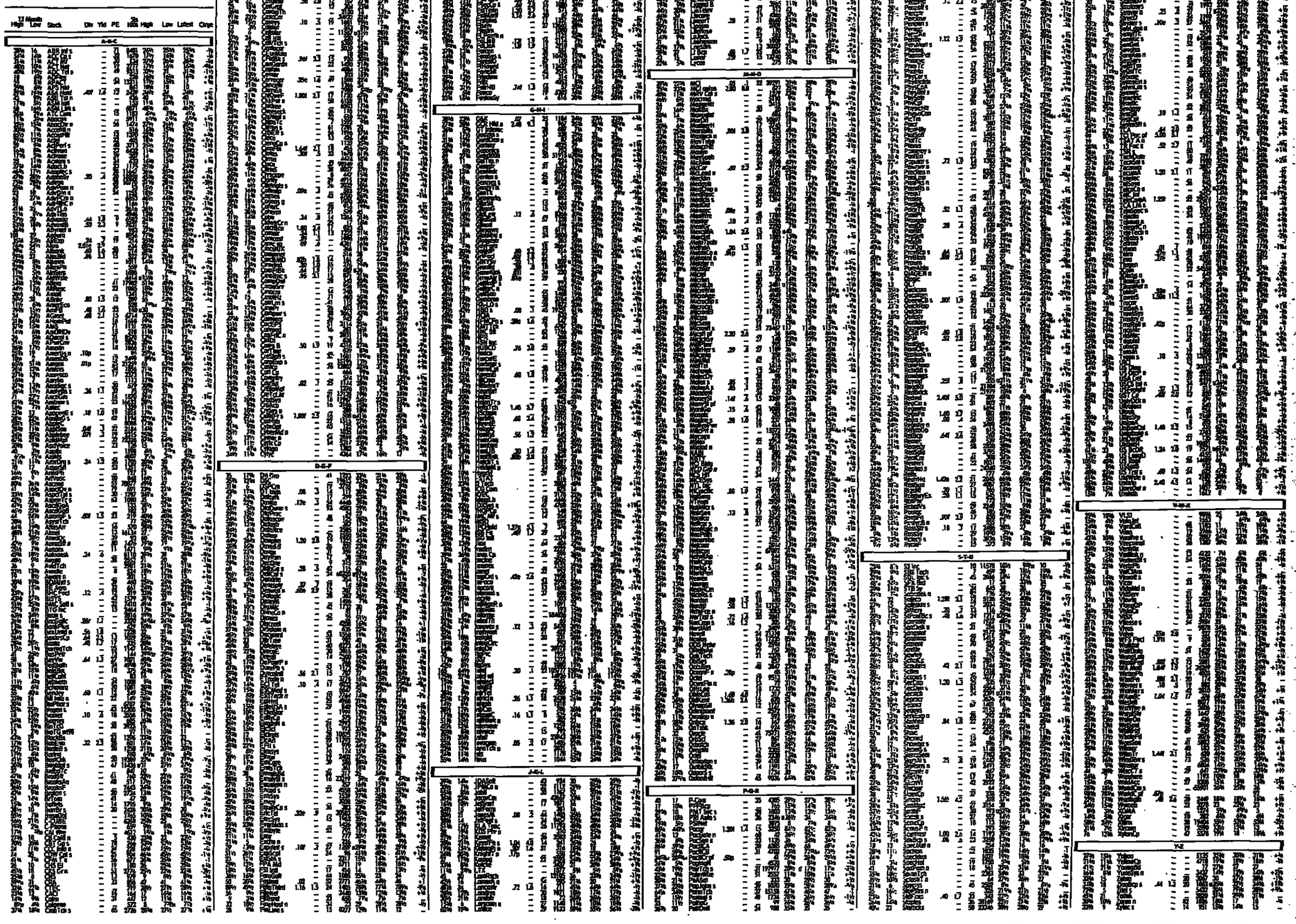
For and on behalf of
THE BOARD OF DIRECTORS

Continued on Page 14

NASDAQ

Friday's 4 P.M.

The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.



NYSE

Friday's 4 P.M. Close

(Continued)

Hong Kong

By Philip Segal

WHAT WILL happen to the Hong Kong market after China takes over on July 1? The answer comes in the form of a question: Which Hong Kong? Now that some Chinese companies and Hong Kong's [illegible] — which excludes issues — is driven by investors with an eye [illegible] the Hong Kong market never before. [illegible] market is [illegible] days," said John [illegible] Nava SC Se[illegible]

[illegible] widely popular [illegible] as red chips, is [illegible] fearful of liquid [illegible]

[illegible] the [illegible] Hang Seng [illegible] the [illegible] Nas[illegible] serves, [illegible] Kong [illegible] the [illegible] Con[illegible]

Q&A Mark Mobius

Beijing Won't Unless It Feels

Herald Tribune INTERNATIONAL

THE REPORT

SATURDAY-SUNDAY, MAY 17-18, 1997
PAGE 15

MONDAY: SPORTS

Hong Kong Investing After the Handover: First Define the Market

By Philip Segal

WHAT WILL happen to the Hong Kong market after China takes over on July 1? The answer comes in the form of another question: Which Hong Kong market? Now that some China-based stocks are hot and Hong Kong's Hang Seng Index — which excludes most mainland Chinese issues — is driven by institutional buyers with an eye fixed on Wall Street, the Hong Kong market is fragmented like never before.

"We've got a four-tier market in Hong Kong these days," said John Scofield, an analyst at Nava SC Securities.

In addition to the wildly popular China stocks known as red chips, he said, there are a handful of liquid companies that drive the Hang Seng Index and take their cues from the direction of U.S. stocks. Among these are the biggest company on the market, the HSBC Holdings PLC banking empire, which constitutes 22.5 percent of the index, and Hutchison Whampoa Ltd., which has interests in ports, retailing, real estate and oil.

A bad day on Wall Street can clobber these stocks, no matter what may be happening in Asia's economy. But when things are going well, they carry the index. Even though the Hang Seng has soared this year, 24 of the index's 33 stocks have fallen since January.

The non-China market then branches into the third tier of large real estate developers and finally to smaller developers, real estate investment companies, utilities and everything else.

The market as a whole has been lagging the big property stocks and HSBC the last two years, and everything has been scorched by the red chips, which since the end of 1995 have outperformed the Hang Seng by 78 percent. Considering the Hang Seng rose 33.5 percent last year, that is not too shabby.

Hong Kong is dominated by real estate-related stocks. The overwhelming reliance on local property earnings distinguishes Hong Kong from other emerging markets, as does its rigidly fixed exchange rate, which makes local interest rates march in lock step with those in the United States.

Anyone trying to figure out the future of the market needs to take a view on the currency and real estate, plus the obvious political risks associated with the handover to China:

- The currency peg. So far, there is no indication of any run on the Hong Kong dollar, not least because of the $60 billion in foreign-currency reserves held by the Hong Kong Monetary Authority, plus China's promise to help support the currency with its $100 billion of reserves. Yet, if the Hong Kong dollar should come unglued from its rate of within 1 percent of 7.8 to $1, the market could be expected to plunge on the assumption that some of the foreign investment in Hong Kong comes because of the attractiveness of the scant currency risk.

Writing recently in the South China Morning Post, the regional vice president for Credit Suisse First Boston, Alan Smith, said that technically it would be difficult for speculators to break the peg, since there are only a handful of banks with enough Hong Kong dollars to lend to short sellers. It is not in the business interest of these banks, which hold Hong Kong dollar mortgages, to help pummel the local currency, he wrote.

More likely, any break in the peg would come if local people, who keep a little more than half their deposits in local currency, decide to convert their holdings as a hedge or because they chose to emigrate. With the absence of capital controls in Hong Kong, they could do this in the space of a morning.

At least 20 percent of Hong Kong residents have foreign documents allowing them to live elsewhere. Emigration from Hong Kong is down, after rising sharply following the 1989 crackdown on protesters in Beijing, but it usually takes at least two years for visa and passport applications to be processed.

- The real estate market. About 70 percent of companies on the Hong Kong exchange derive at least some of their earnings from real estate, and that proportion is rising. A reliance on real estate makes the market sensitive to movements in interest rates.

Property bulls like to think about all of the mainland Chinese who could be getting ready to move to Hong Kong after July. Thousands of state company employees will want a presence in Hong Kong and will need places to live and work, goes the argument that was put forward by Morgan Stanley & Co. It has predicted a doubling of the Hang Seng Index within three years.

While the Chinese will be coming, the question is: Will they pay top dollar for prime office and apartment space?

"You have to stand back and pinch yourself and ask would you pay a million bucks or more for a little place in Hong Kong?" said Hugh Young, a fund manager at Abtrust Unit Trust Managers in Singapore.

The Chinese will come to Hong Kong, he said, but would "internationalize very quickly," and see that there is better value in real estate elsewhere in Asia and beyond.

Retail real estate in Hong Kong is likely to double in the next five years, to 30 million square feet (2.78 million square meters). New office space coming on the market will total 12.7 million square feet by the end of next year.

- The political risks. Indications for now are that the transition will be a peaceful one, but if it is not, watch out.

"Stock prices have discounted a smooth political transition and any bad news is likely to be treated badly by international investors, more so given the global attention on Hong Kong throughout 1997," wrote Andrew Look of Prudential Portfolio Managers in the Singapore Business Times.

Polls show residents of Hong Kong have been unsettled by fears that China would limit individual rights. A major crackdown on civil liberties could cast doubt on China's most-favored-nation trading status with the United States. A loss of the status would mean Hong Kong's economic growth rate could be cut in half, according to Hong Kong government predictions.

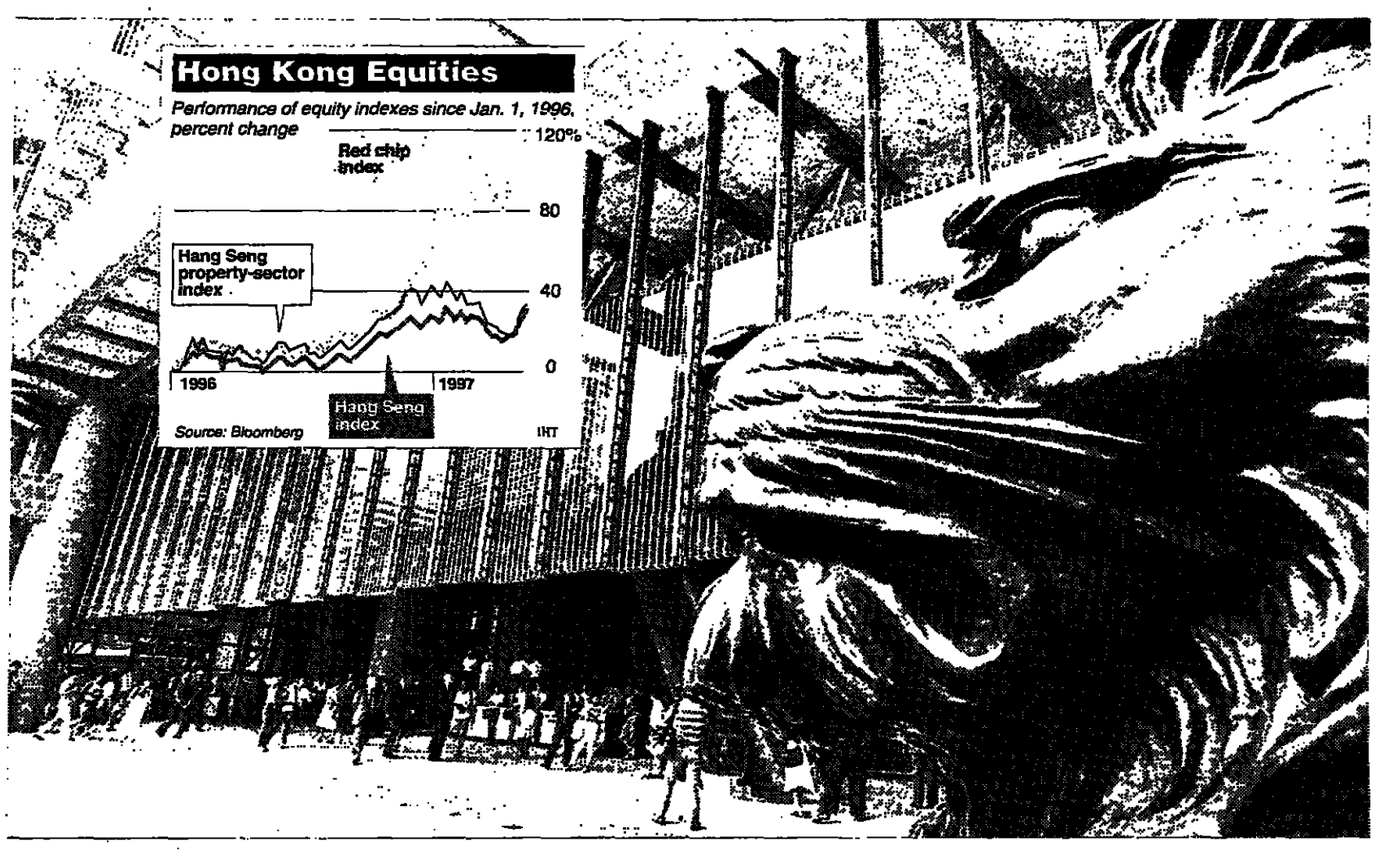
So how can you invest defensively in Hong Kong real estate? Some analysts figure the top developers, such as Sun Hung Kai Properties Ltd. and Henderson Land Development Co., are expensive, but companies that invest in finished real estate and rent it out have lagged the market. The BZW brokerage has buy recommendations on Great Eagle Holdings Ltd. and Hysan Development Co., two office landlords that are among the Hang Seng Index's smaller constituents.

For investors with more than $10,000 to spend, there is another way to invest in Hong Kong and China that ignores the Hang Seng Index as well as red chips, but still offers solid returns.

The Value Partners A fund has outperformed the Hang Seng Index in the four years since its inception in April 1993, up 130.2 percent after performance fees, compared with the Hang Seng's rise of 97.2 percent. It shuns big capitalization stocks and instead buys smaller companies not followed by the rest of the market. Its three largest holdings at the moment are Fountain Set Holdings, a textile company, the construction company Kumagai Gumi (Hong Kong) Ltd., and the electronic toy and computer company VTech Holdings Ltd.

For further information, call:

- VALUE PARTNERS 852 2880 9263. The fund is not offered to U.S. residents.



Hongkong and Shanghai Banking Corp.'s headquarters in Hong Kong. Currency, real estate and politics are factors in assessing Hong Kong's future.

A Logic-Defying Frenzy to Buy Pricey Red Chips

By Philip Segal

THERE MAY still be some bargains among Hong Kong's red-chip stocks, but do not expect fundamental analysis to indicate where they are. On a fundamental basis, red chips look extremely expensive, but people keep buying them, whether the rest of the Hong Kong market is up or down.

When it comes to red chips, Hong Kong resembles the casino-like stock market in China. On the mainland, the large stocks trade at big premiums to lower-risk, better-quality companies in Hong Kong, moving less with regard to fundamentals than to the whims of the regulators. If there is any suspicion that stocks have risen too high for the liking of the authorities in Beijing, they plunge.

The same hazard now threatens the red-chip rally in Hong Kong.

"What would endanger the whole thing would be an effort by the Chinese to get the A and B share levels down," said Gary Coull, chairman and chief executive of Credit Lyonnais Securities (Asia), referring to China's domestic markets.

Since most of the red-chip frenzy is driven by Chinese — not foreign — money, the impact of a domestic crackdown could stop the flow of funds into red-chip stocks, he said.

The so-called red chips are Chinese state-controlled companies listed and incorporated in Hong Kong. Some ordinary businesses have been hundreds of times oversubscribed at their initial public offerings. Red chips are supposed to be much better bargains than either B shares, which are Chinese companies available to foreigners and traded in China, or H shares, which are Chinese-incorporated companies traded in Hong Kong.

Investors get excited because as subsidiaries of state companies, red chips go public with promises that they will be allowed to buy assets from their parent outfits in China at big discounts. This process is known as asset injection, but the companies do not just receive an injection; they pay for it. Usually, they raise money before saying which assets they will buy, but investors care little.

The fact that many of the red chips have mediocre business prospects, given their price tags, is of minor concern to short-term investors, as most of the companies are in the midst of doubling or tripling in size. In such conditions, profits on a gross basis will almost always rise.

Still, the red-chip optimism "is almost self-fulfilling," one analyst said. Red chips buy cheap assets from their parents, but often this is done with shares. The higher investors bid for the shares of the listed company, the cheaper the asset will be. Yet at some point all of the acquiring will be done, and company managers will have to perform.

Can they? While red chips are better than other Chinese companies at disclosure, management skill on the ground is another issue.

In fact, only a handful of red chips managed to boost their operating margins in 1994 and 1995, and the picture for last year was not much better, according to company results released in April.

Typical was one of the most popular of the stocks, China Resources Enterprises Ltd. It reported that while 1996 profits rose 109 percent, operating profit fell 13 percent. The company made its money by spinning off a subsidiary that was heavily oversubscribed. China Resources gets to bank the income from all that money after it hands out refunds to applicants who failed to get new shares.

"At the end of the day, it's mainland management like in the H shares and B shares, and the assets are the same as the H shares and the B shares," said Graham Ormerod, head of research at Jardine Fleming in Hong Kong.

That means one of two things, he concluded: "Either the H and B shares are worth more than they're being paid for, or the reds are too high."

Since half the H shares in Hong Kong reported reduced earnings last year, the chances that these will soon trade at 38 times expected per-share income, like the red chips, are fairly slim.

Red chips may seem tempting given that economic growth in China is approaching 10 percent, but a disproportionate amount of exports and growth comes not from the state sector, but from foreign-invested joint ventures and unlisted township and village enterprises. Many state enterprises suffer from overcapacity and churn out goods no one wants to buy.

Shanghai Industrial Holdings Ltd. is the favorite red chip of many analysts, even those who acknowledge that the appetite for these stocks has turned manic. One of the company's advantages is that its parent is rich and has guaranteed its subsidiary income from toll roads or other infrastructure projects.

Many analysts and fund managers agree that a guarantee, a common red-chip selling point, is the last reason to buy one of these stocks.

"If it comes to exercising guarantees, we're in trouble," said Nerissa Lee, Investment Director at Guinness Flight Asia Ltd. She has 44 percent of her China fund in red chips, including Shanghai Industrial. As part of her H-share holdings, she says toll-road offerings in the coming months in Zhejiang and Jiangsu provinces, near Shanghai, look promising.

Aside from real estate, infrastructure is the next-biggest attraction among the red chips, although not all toll roads in China are sure-fire hits. Investors in toll roads need to make sure the company can actually collect its money; the superhighway running from the Hong Kong border to the southern city of Guangzhou, built by Hopewell Holdings Ltd. of Hong Kong, has experienced problems because of free riders.

Q-&-A / **Mark Mobius**

Beijing Won't Pounce Unless It Feels Prodded

Mark Mobius has spent much of the last 30 years roaming around emerging markets, ferreting out investment bargains. For the last decade, he has been with the Templeton fund family, now known as Franklin/Templeton Group, where he heads the emerging-markets division. He spoke with Conrad de Aenlle about prospects ahead of the Chinese takeover of Hong Kong on July 1.

Mark Mobius: A passive China.

Q. Why have some of the main Asian markets been so weak? Hong Kong and Singapore fell sharply in the first quarter, although Hong Kong has recovered. Thailand and Korea have been weak for a couple of years.

A. Everybody was sold on this growth story for Asia and they overdid it. Just like everything else, they went too far. No one country goes forever; there are always corrections. The growth story is intact, but it is not spectacular double-digit or high-single-digit growth. It is still double that of the developed countries.

Q. Will the Chinese authorities really let Hong Kong remain a free-market capitalist economy?

A. I don't think that China will try to alter the free-market capitalist economy of Hong Kong, not only because there are political and economic reasons why they should not do it, but also because the trend of events in China itself is away from a centralized and controlled economy to a more liberal, free-market capitalist economy. They will keep their word as long as there are no political problems.

Q. No matter what happens politically, will it still be a good place to invest?

A. You cannot separate politics from the economy entirely. If the rule of law breaks down, if corruption increases, if freedom to move money and assets is denied, if free travel is restricted and if a number of freedoms in the economic sphere are denied, then there will be a definite impact on investment.

Q. Beijing has displayed pragmatism where economics is concerned. Will the need for investment help the Chinese authorities keep their word, at least up to a point, about their treatment of Hong Kong?

A. I don't think the people in China who make decisions will allow an economic argument to overwhelm a political argument. When it comes to control and stability, they will not compromise. A lot of people make that mistake, thinking China will submit to economic pressures. They will not do that.

I was recently in Africa on safari. We had an open truck and people said, "The lions are right there, is this safe?" But lions are basically very lazy animals, they will only get up when they have to. It is a little like China. I don't want to say they are lazy, but they will generally not react until it is really required. They will be passive until there is a good reason to be active. In the case of Hong Kong, I don't think they will disturb it until

Continued on Page 17

A Large Group of Funds For a Variety of Pockets

By Barbara Wall

MANY INVESTORS readily acknowledge the investment opportunities that are likely to flow from Hong Kong's economic integration with the mainland, but some may be dissuaded from investing in the region because of the high costs involved.

Buying and selling the shares that make up the Hang Seng Index can be up to four times more expensive than dealing on the London and New York exchanges. Moreover, go-it-alone investors will generally not be advised to invest in Hong Kong securities unless they can diversify risk. This will demand an outlay of at least $1 million.

But the range of funds investing in Hong Kong and China has expanded in recent years to suit a variety of pockets and risk profiles. The main difficulty is choosing among them. The majority of funds have not been going long enough to establish consistent track records, and a cursory glance gives the impression that their investment aims and objectives are so similar as to be almost indistinguishable.

The stated aim of most growth funds investing in the region is to take advantage of investment opportunities flowing from China's economic revolution. Paul Guarnieri, director of investment operations for Asian equities at Salomon Brothers Inc. in Hong Kong, suggested that investors look at how fund managers aim to achieve their objectives, because this will affect management charges and affect the trade-off between risk and reward.

"Some fund managers do little more than follow the Hang Seng Index, while others — primarily Hong Kong-based boutique-style investment houses, such as Value Partners — concentrate on pure stock selection," Mr. Guarnieri said. "A few fund managers try and steer a middle course between the two investment approaches, only deviating from the index weightings when the occasion warrants it."

"Although some of the index funds have done reasonably well," he added, "I wouldn't recommend investing in them to gain exposure to Hong Kong and China. The Hang Seng is heavily tilted towards financial stocks including property and, consequently, is extremely sensitive to U.S. interest-rate

Continued on Page 17

Hong-Kong Registered Funds

Total return in U.S. dollars over one year to April 1, 1997.

CIBC-CEF HK Warrant	33.16%	Tel.: (852) 2965 6877
Barclays ASF Hong Kong	48.51	Tel.: (852) 2903 2106
HSBC GIF Hong Kong Equity	45.15	Tel.: (852) 2801 0265
Thornton New Tiger HK	38.34	Tel.: (852) 2826 8888
Dres Thornton ASF HK	34.40	Tel.: (852) 2826 8888
Schroder Asia Hong Kong	31.30	Tel.: (852) 2848 1700
ImPac AP Hong Kong	29.54	Tel.: (852) 2810 1608
SHK Middle Kingdom	28.81	Tel.: (852) 2822 5679
GT Hong Kong B Share	27.78	Tel.: (852) 2842 7858
GT Hong Kong A Share	27.10	Tel.: (852) 2842 7858
Schroder Asia HK Sm Co	25.61	Tel.: (852) 2843 7746
Royal Life/Baring Hong Kong	25.03	Tel.: (852) 2841 1411
Baring IUF Hong Kong	23.09	Tel.: (852) 2841 1411
JupiterTyndall GF Hong Kong	22.12	Tel.: (852) 2845 4333
Dao Heng Hong Kong	21.08	Tel.: (852) 2831 7850
Hansard EU Hong Kong	20.62	Tel.: (852) 2521 8630
Fidelity Fds Hong Kong & China	20.48	Tel.: (852) 2848 1418
Finistere Hong Kong Life	20.01	N/A
Nikko GIUF Hong Kong Fund	19.93	Tel.: (852) 2869 1009
Guinness Flight Hong Kong	19.40	Tel.: (852) 2861 6801
Value Partners A	18.87	Tel.: (852) 2880 9263
OM Galileo HK Stockmarket	18.55	Tel.: (852) 2531 6688
Colonial Securities Hong Kong	17.77	Tel.: (852) 2511 4060
Gartmore CSF HK & China	17.63	Tel.: (852) 2827 3821
Old Mutual Gnsy HK Stkmkt	17.32	Tel.: (852) 2531 6688

Source: Micropal

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For the Ne

By Ann Brocklehurst

WHEN HONG Kong & S
turned to China on July
investors will still be a
to indulge a nostalgia
empire by buying shares in two of
former colony's most famous trad
houses of hongs. The old houses,
Jardine Matheson and Swire Pacific
now less fashionable than
competing conglomerates in
Asian hands, and their profits
have suffered in recent years.
but for those who expect Hong
Kong and China to thrive, their
current stock prices represent
good value, according to a
number of analysts.
Of the two companies, Swire Pacific
Ltd. is by far the favorite. Until May 7,
when it announced that Jardine Math-
son Holdings Ltd. one Deputy Prime
Minister Zhu Rongji of China, — the
Minister who is credited by its cou
group's success in relation to mainland
relations — Swire's shares shot up 7
After the announcement, investors bet that
the company was no longer delivering
for its parent, Hong Kong exchange in
shares rose 10% after headquarters in
Bermuda, to pedding

point out, shares, which
power of the Communist Party
60% fall in the value of the Hong
dollar since the handover. Swire
Pacific, by contrast, has been
relatively successful.

Closed-end funds can be a good way to
profit from a country's economic growth, because
they are usually bought at a discount to net asset value
— that is, the price of the fund's shares is lower than
the value of the stocks it holds. This makes them high-risk, high-reward investments.
Simon Davies, joint chief executive of Baring Asset Management, which manages
London-based Baring Emerging Europe Trust PLC, said that when closed-end funds
first came to the market, the preferred investment vehicle was open-ended funds,
which are bought and sold directly from the fund group that had operated the fund.

"It would appear to be the case that closed-end funds are the favored vehicle for
retail, which do well here but perform poorly in the U.S.," he said. "It's a mystery
to us on the ground." he said. "It's a mystery
Hong Kong and China funds are managed
out of London by people who have little
experience or knowledge of the Asian
investment business practices."

Mr. Davies likes the HSBC Holdings
Hong Kong fund.

HSBC Asset Management, the
asset-management arm of HSBC Holdings
Ltd., the banking nexus of H. Asia, has also
developed close ties with
Beijing, with many of the small, upstart companies in Hong Kong

BRIEFCASE

BT Retirement Product
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Britain Opens Door
To Mutual Funds

Funds Are the

Continued from Page 15

THE MONEY REPORT

For the Nostalgic Investor, Imperial Memories in 2 Venerable Hongs

By Ann Brocklehurst

WHEN HONG Kong is returned to China on July 1, investors will still be able to indulge a nostalgia for empire by buying shares in two of the former colony's most famous trading houses, or hongs. The old houses of Jardine Matheson and Swire Pacific are now, less fashionable than competing conglomerates in Asian hands, and their profits have sagged in recent years, but for those who expect Hong Kong and China to thrive, their current stock prices represent good value, according to a number of analysts.

Of the two companies, Swire Pacific Ltd. is by far the favorite. Until May 7, when top executives of Jardine Matheson Holdings Ltd. met Deputy Prime Minister Zhu Rongji of China, — the group's future was clouded by its cool relationship with the mainland.

After the meeting, its shares shot up 7 percent as optimistic investors bet that the company had been forgiven not only for recent sins, such as delisting its shares from the Hong Kong exchange in 1992 and moving its headquarters to Bermuda in 1984, but also for peddling opium in the 19th century.

Analysts were quick to point out, however, that Jardine's shares, which now trade in Singapore, have been weighed down by more than the conglomerate's relationship with China. Its attempts at diversification, under way for decades, have not always been successful and the worst losses have occurred when the company strayed beyond Asia.

One of its most spectacular failures was a $218 million loss on an investment in Trafalgar House PLC, the British construction, hotels and shipping conglomerate, which was sold to Kvaerner ASA, the Norwegian shipbuilder, in 1996.

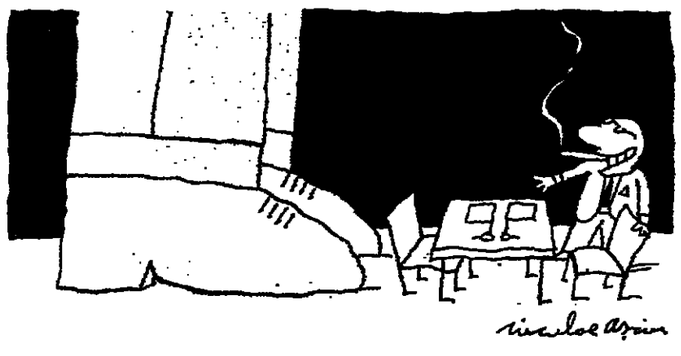
Jardine also has felt negative impacts of slowing economic growth in many of the Asian countries where it is active. Last year, it took a $26 million charge related to a scandal at Jardine Fleming, the group's banking arm.

"People tend to focus on the problem businesses," said Neil MacKay, director of Hong Kong Research at Schroder Securities Ltd., which rates Jardine outperform. "But they have a group of retail businesses in Asia which no one else can replicate."

Mr. MacKay described the troubled Dairy Farm International Holdings Ltd. supermarket subsidiary's chances of recovery as "very positive." He also said he expected earnings at the group as a whole to pick up, although he said "it may be a very slow affair."

Mr. MacKay added: "They need more favorable markets throughout the region. They can't just wave a magic wand and make things better."

In a report on Jardine Matheson Holdings issued in March, Merrill Lynch & Co.'s Christine Leung forecast a 5 percent rebound in trading profit in 1997 and 13 percent in 1998. With Jardine trading at a 45 percent discount to the Hong Kong conglomerate sector and a 17 percent discount to its book value of $7.09 per share, she maintained her accumulate recommendation despite lower-than-expected first-quarter profits.



According to Frank Chiang, the San Francisco-based portfolio manager for Montgomery Asset Management's Emerging Asia Fund, Jardine, a complicated organization, also appears to be taking steps to address some of the concerns about shareholder value. Company executives recently visited the United States to talk to investors, but Mr. Chiang has not yet been convinced to buy Jardine shares, which are trading about 30 percent below their high since moving to Singapore of $9.05. (The stock trades in U.S. dollars.)

Mr. Chiang said he had lingering concerns about the quality of management. Although he sees the recent China meeting as a good sign, he said that Jardine was no longer just a "Hong Kong/China play," but rather a "regional play," with a significant portion of its earnings coming from elsewhere in the Pacific.

Mr. Chiang also points out that while much of the current talk is about whether the playing field will be level for Jardine and Swire after the Hong Kong handover, the two companies have long enjoyed a competitive edge over others thanks to their British roots. He cited the attractive stake in a container terminal project that the British colonial government awarded Jardine as an example. He noted that this deal so enraged the Chinese, who had been miffed by Jardine's lack of commitment to Hong Kong, that they delayed construction on the project for years.

"Jardine and Swire won't have the advantage they once had," Mr. Chiang said. "But the meeting means they will not be discriminated against — overtly."

He added that even a company like Swire, which took the opposite tack from Jardine and has for years been moving to establish close ties to the Chinese, may find life harder under the new regime.

Despite being bullish about Swire, which he described as "extremely cheap at current levels," Mr. Chiang expressed concern about its Cathay Pacific Airways subsidiary, which has enjoyed almost exclusive rights to many destinations for years. He believes Swire may have been acting prudently when it allowed the mainland China International Trading & Investment Corp. to take over a healthy chunk of Cathay Pacific this spring.

Although that move provoked debate about just how close to China Swire should be, the company's prospects have been publicly praised by the likes of the Hong Kong contrarian Marc Faber, who is outspoken and generally gloomy about the colony's future. On the other hand, Swire is also well regarded by Hong Kong optimists, even though they see better growth prospects for competing conglomerates such as Hutchison Whampoa Ltd. and the red chip CITIC Pacific Ltd., which is 26 percent-owned by CITIC, a government agency.

Mike Warren, regional conglomerates analyst at Morgan Stanley & Co., has just upgraded Swire to an outperfom based on his perception that it offers value.

But he added: "Jardine and Swire don't offer growth. At current levels, downside risk is limited, but on the upside, there are better opportunities."

Among those opportunities, Mr. Warren included some of Jardine's and Swire's listed subsidiaries, such as Swire's Cathay Pacific and Jardine's Hongkong Land Holdings Ltd., as well as its Mandarin Oriental International Ltd. hotel subsidiary.

Market's Down? Must Be Monday

JAMES GLASSMAN ON INVESTING

CONGRESS IS scheduled to leave Washington on Thursday for what has come to be known euphemistically as a "District Work Period," otherwise called a recess or Memorial Day vacation. Investors should pay heed. According to new research, this could be one of the best times to put your money into the U.S. stock market.

"Almost the entire advance in the market since 1897," the researchers said, "corresponds to periods when Congress is in recess. This is an impressive result, given that Congress is in recess about half as long as in session."

For decades, analysts have been studying the effects of the calendar on stocks. But until now, no one has seen such a direct, simple and long-term connection between the congressional calendar and the market.

Over the 96-year period that was studied, 89 percent of the gains in the Dow Jones industrial average occurred when the House of Representatives was out of session and only 11 percent when it was in session.

Or, to put it another way, on the average day that the House was out, the Dow rose 0.054 percent, or roughly 4 points at its current level. On the average day that the House was in, the Dow rose only 0.004 percent, or about one-quarter of a current point.

The researchers found that from 1984 to 1993, the Dow rose 326 points on days when the House was open and 2,347 points when the legislators were out. The Dow rose more than seven times as much during the closed periods, even though the House was open nearly twice as long as it was closed.

The research by Reinhold P. Lamb and William F. Kennedy of the University of North Carolina at Charlotte; K.C. Ma of the KCM Asset Management Group in Wilmette, Illinois, and R. Daniel Pace of the University of West Florida was published in the latest edition of the Financial Services Review, The Journal of Individual Financial Management.

So, why does the market love it when Congress is out of town? The authors could only guess. "Perhaps," they write, the poor results for stocks while the House is in session "is due to the uncertainty generated while Congress is debating policy, regulatory and procedural issues."

On the other hand, "when Congress is in recess, no bills and regulatory matters are being formally debated or formulated. Perhaps the market enjoys the temporary certainty exhibited by the absence of congressional decisions, and responds with positive movements."

In other words, the market frets while Congress dithers, but, when Congress exits, its potential mischief is out of sight and out of mind. Perhaps. Then again, some of the effects of seasonality simply cannot be explained at all. You just have to take them — or leave them — at face value. Here are some of my favorites:

- Monday is by far the worst day of the week for the market. Since 1952, the average Monday has produced a negative return (although lately, Mondays are getting better). On all other days, the market is up more than it is down. Friday is best, up 57 percent of the time (versus 46 percent for Monday).
- The last four days of the current month plus the first day of the next month are the market's best period. "While the market has risen on average 52.4 percent of the time, the prime five days have risen 56.4 percent," writes Yale Hirsch in the Stock Trader's Almanac a compendium of seasonality phenomena.

December and January are the best two months for the market; September is the only month that shows a loss.

- Since Andrew Jackson was reelected as president in 1832, the election year and the year before it have produced stock-market returns that are more than seven times as great as during the next two years of the election cycle.

The worst year in the cycle comes just after an election (a year like 1997). Since 1832, such years have produced 22 losses and 19 gains, for an aggregate loss of 3 percent. In the year *before* an election, the market has had 28 gains and just 13 losses, for an aggregate return of 295 percent.

- The worst year of the decade is the seventh. Since 1885, according to Mr. Hirsch, the market has declined eight out of 11 times in years ending in 7. By contrast, the market has never lost ground in a year ending in 5.

The current year, therefore, gets a double-whammy. The Standard & Poor's 500 Stock Index has produced double-digit losses in each of the last five post-election years ending in a 7. Average loss: 20 percent. So far in 1997, the S&P is up 13 percent. Could a loss of 30 percent or more during the last six and a half months of this year be inevitable?

The two most important facts that any investor needs to understand is that, over the past 70 years, stocks have returned an annual average of 10.5 percent and that, when held for 10 years or more, stocks are not much more risky than bonds or even Treasury bills.

Recognizing that the market makes nearly all of that 10.5 percent gain when Congress is out of session is nice to know, but it is irrelevant to the earning of an overall 10.5 percent.

If you want to take a chance by continually switching, with congressional peregrinations, in order to earn more, then be my guest. But you should recognize that you will incur capital gains, brokerage commissions and heartburn. Call me stodgy, but while the "Congress Effect" is amusing and even instructive, it is not going to guide my investing.

Washington Post Service

For further information:

- WRITE TO The Journal of Individual Financial Management c/o JAI Press, Inc., Box 1678, Greenwich, Connecticut 06836, U.S.A.
- CALL Stock Trader's Almanac, 1 201 767 4100.

BRIEFCASE

BT Retirement Product Weds GICs and Funds

It seems like an idea somebody should have thought of a long time ago. Bankers Trust Co. in New York is offering an investment vehicle for retirement accounts that combines elements of a mutual fund with a guaranteed investment contract.

The BT PreservationPlus Fund invests in a range of products that includes fixed-income securities such as corporate bonds, U.S. government securities and asset-backed securities, as well as wrapper contracts, derivative instruments that will ensure the fund can maintain a $10 per share net-asset value. The fund is open to individual investors around the world but only through employer-offered participant-directed retirement plans.

Outside of such plans, individuals could achieve similar goals by purchasing floating-rate bonds.

Conventional guaranteed investment contracts offer stated interest rates for agreed terms, like certificates of deposit, but they are hard to administer to groups of investors, such as the members of a U.S. company's 401(k) retirement plan. Many American plans instead offer money-market funds for members who seek safety, but their yields tend to be lower than those on GICs. Standard bond funds would provide higher yields, but the net-asset value of their shares — and thus the principal of investors — would be at risk if interest rates rose.

The fund will seek to offer an annual return of 2 to 3 percentage points above money-market-fund rates, which currently are about 5 percent. *(IHT)*

FOR MORE information, call Michelle Brinvoort at Bankers Trust, 1 212 250 9113 or see the Bankers Trust web site at www.bankerstrust.com.

Britain Opens Door To Mutual Funds

The British Securities and Investments Board has authorized the country's first open-ended mutual fund, a development that could lead to cross-border offerings.

Global Asset Management Ltd.'s GAM Japan Growth Fund is to open May 27 and will operate much like mutual funds in the United States and on the Continent, with a corporate structure and single pricing system. GAM also plans to convert six existing British unit trusts into open-ended funds.

Sheila Nicoll, director of legal and fiscal affairs at the Association of Unit Trust and Investment Funds, said the mutual-fund structure was "the more modern vehicle." She added, "We're unlikely to have a lot of new unit trusts being formed." The association's director-general, Philip Warland, said the new structure was "better adapted to meet the needs of an international audience, allowing easy access to this resource." He added that the open-ended vehicles would compete with offshore rivals.

With British unit trusts, money is invested on a person's behalf, rather than by a company in which they own shares, as in the mutual-fund structure. British unit trusts also use a dual pricing system, with an offer price at which shares are sold and a bid price at which they are repurchased from the investor. The spread in between is used to pay commission, dealing and marketing expenses. With an open-ended investment company, a single share price reflects the net-asset value of the underlying securities. A separate commission is levied on purchases.

The open-ended structure has yet to be approved for the British personal-equity plans, but GAM was able to jump the gun because its Japan fund did not qualify as a PEP anyway. Qualifying funds must have at least half of their investments in European securities.

GAM Japan Growth Fund will have two share classes: A shares, with an initial charge of 5 percent and an annual management fee of 1.5 percent, and B shares, only available through financial intermediaries, with an upfront 4 percent fee and 1.75 percent annually. The minimum investment in either is £10,000 ($16,400). *(Bloomberg, IHT)*

FOR MORE information, call GAM at 44 1624 632 777 or, in Britain, 0800 919 927, or visit the GAM web site at www.nk-info.gam.com.

Commodities Vehicle For Small Investors

Taking refuge in commodities has long been a defense against inflation, but not something readily available to small investors. Now, with signs of inflation looming in the United States, a new open-end fund launched by Oppenheimer Funds Inc. hopes to remedy that. Its Real Asset fund will have a third of its assets in securities linked to the 22 commodities of the Goldman Sachs Commodity Index, including livestock, grains, oil and metals. The remainder of the portfolio will be invested in short-term U.S. government securities.

The fund differs from existing commodity funds in several ways, according to Oppenheimer. The minimum investment is $1,000, and fees will total 1.5 percent a year, in contrast to commodities futures pools, which typically require at least a five-figure investment, and assess average fees of 2 percent a year, plus 20 percent of the profits. "It's really the first commodities fund which is broadly available for the average investor," said Rob Densen, an Oppenheimer spokesman. *(IHT)*

FOR MORE information, call 303-768-3424 or, in the United States, 888-470-0861. Oppenheimer's web site, www.oppenheimerfunds.com, has information on the fund and its prospectus.

Citi Screens Accounts

Citibank has introduced an electronic banking system, Screen Phone, for account holders in Britain that has features of telephone and Internet banking.

Clients can access their accounts using a device made by Philips Electronics N.V. that includes a telephone, keyboard and five-inch (13-centimeter) screen.

It permits balances and recent transactions to be checked and funds to be transferred between accounts. Screen Phone can be set up to give prompts on the screen or orally, and there is a panic button that can connect the caller to another human being if there is something electronically or financially confusing or urgent.

Alyson West, Citibank's marketing manager for global consumer banking in London, said the gizmo was designed to accommodate customers who may be technophobic or who use a computer at work all day. It costs £195 ($320) to buy or £10 a month to rent. It is free for clients with £75,000 or more in a Citibank account. *(IHT)*

FOR MORE information, call 0800 004 300 within Britain.

Schwab Raises Ante

Charles Schwab Corp. will raise the minimum investment to buy other companies' mutual funds through its so-called supermarket to $2,500 from $1,000. The biggest U.S. discount broker's own money-market and index funds in its mutual fund marketplace, including the popular OneSource supermarket, which does not charge commission or exit fees, will continue to have a $1,000 minimum. *(Bloomberg)*

Correction

An illustration in the Money Report issue of May 10-11 provided only a partial credit for the source of the information. The data on corporate growth rates before and after spin-offs was taken from a study by Lehman Brothers and Pennsylvania State University.

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Wagering on Restraint by Beijing

Continued from Page 15

something galvanizes them into action.

Q. Hong Kong shares have done better than those in almost every other Asian market during the last year or two, despite the political uncertainty and despite the recent sharp decline, something that hit several markets in the region. Are all the potential negatives really factored into prices?

A. We believe that most of the negatives are already factored into prices, and if the political fears were not so salient, the market would be much higher. There is political risk in every country, even the most seemingly stable countries, and that is true of Hong Kong and China. I think that most possible shocks have been considered, but shocks can come from any quarter — regional, international or domestic.

Q. Looking on the bright side, if June 30 comes and goes without difficulty, will there be a leap in foreign investment?

A. I don't think there will be an appreciable increase in foreign investment, since there already is considerable investment in Hong Kong, but there will be more investment from China itself.

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Q. You're a value investor, looking for cheap companies, not cheap countries, but are your Asian and global portfolios underweight or overweight in Hong Kong?

A. We are generally overweight in Hong Kong, although we have reduced the weighting in the last six months. We have not purchased any stocks in Hong Kong recently.

Q. What was it about the companies you sold that put you off them?

A. Their rise in price made them more expensive than other stocks we could purchase. It was simply a matter of price.

Q. What sectors offer the best bargains?

A. Just as we do not pick markets, we also do not pick sectors. It just so happens, however, that in Hong Kong we are overweight in the property conglomerates and the financial sector.

Q. What are some of your biggest positions?

A. Cheung Kong, Hong Kong Bank, New World and Swire Pacific.

Q. How important will the next few months or years in Hong Kong be for the development of China? Can a new possession with 6 million people really affect a country of 1.2 billion?

A. In the context of the entire nation, Hong Kong is certainly significant but is not critical to the continued health of China. Perhaps more important is the psychological impact it has on China and the amounts of investment money which flow from Hong Kong.

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Q. What about the rest of Asia? How important is it for the region, especially Taiwan, for everything to progress well in Hong Kong?

A. Progress in Hong Kong impacts all of Asia and fosters general economic development. For Taiwan, Hong Kong is particularly significant since it offers a window to China for trade and investment.

Funds Are the Play, but Which One?

Continued from Page 15

movements. This sensitivity is heightened by the fact that the Hong Kong dollar is pegged to the U.S. dollar."

Mr. Guarnieri recommended that investors opt for open-ended regional funds.

"Closed-end funds tend to operate at a hefty discount to net-asset value when they are out of favor and at a premium when they are fashionable," he said. "This makes them highly volatile."

Simon Davies, an investment manager with Berry Asset Management in London, said that when choosing funds for clients he preferred management groups that had operations in the region.

"It would appear to be the case that funds which do well have people there on the ground," he said. "A number of Hong Kong and China funds are managed out of London by people with little experience or knowledge of Hong Kong-based business practices."

Mr. Davies likes the HSBC Hong Kong Equity fund.

"HSBC Asset Management has a large banking network in Asia, and, as a result, has developed close business ties with many of the small, up-and-coming companies in Hong Kong," he said.

"Access to detailed, reliable information on small companies with limited trading histories is invaluable if you are to manage a fund successfully. It is difficult to see how some of the funds that are managed outside of Hong Kong can gain access to such information."

But a survey carried out by the Hong Kong-based Benchmark Funds Analysis magazine and Micropal Inc. found that many of the top-performing funds investing in the Far East were, in fact, managed from London and Luxembourg.

ACCORDING TO the Benchmark survey, which measured the performance and volatility of Asian funds excluding Japan against the return on U.S. Treasury bills over a three-year period, HSBC shares a top-slot ranking with Guinness Flight Global Asset Management Ltd. Guinness Flight has five Asia funds, which are all managed from London.

"If there is ever a debate as to whether Far Eastern funds are more successfully managed locally or internationally," said Gerry Ball, Benchmark's publisher, "this is strong evidence to suggest managing Asian funds from London is no disadvantage."

Richard Farrell, a spokesman for Guinness Flight, said that he believed distance could lend objectivity.

"I spent several weeks in Hong Kong during the early 1990s and was aware of the wall of money about to flow into Hong Kong from the U.S.A. and Europe," he said. "However, the local fund managers were very bearish about the market at this time and chose to maintain high cash levels in their portfolios. They were clearly too caught-up with events in their own backyard to appreciate the impact of changing investor-sentiment in the rest of the world."

As with funds everywhere, investors were encouraged to study the profiles of managers when assessing a vehicle's attractiveness.

Mr. Davies said that investors should look for recent management changes and consider the extent to which portfolio managers are held in check by management controls.

"Jardine Fleming is one of the biggest and most successful fund-management groups in Asia, but in recent years the JF Asian funds have gone off the boil," Mr. Davies said.

"It is thought that the root cause of this is lack of management controls," he added. "One fund manager was involved in fraudulent activity and this has acted as a damper on the performance of other funds in the group."

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WORLD ROUNDUP

Indianapolis 500 Amends Its Rules

AUTO RACING The Indy Racing League, in a move that could lead to a return of some of the biggest stars to the Indianapolis 500, announced Friday that it would scrap its controversial qualifying rule.

The IRL executive director, Leo Mehl, also clarified engine and chassis rules that will allow additional manufacturers to supply the series starting next year, but he said he did not know whether that or the qualifying change would bring the rival Championship Auto Racing Teams back to the Speedway.

The IRL, a second-year circuit formed by the Indianapolis Motor Speedway president, Tony George, has been guaranteed up to 25 of the 33 starting spots at the Indianapolis 500. That led to the pullout last year of CART and such drivers as Al Unser Jr., Michael Andretti, Paul Tracy and Bobby Rahal.

Fresh Start for the Giro

CYCLING Next year's Giro d'Italia will start in France for the first time in its 80-year history. The Giro director, Carmine Castellano, said Friday that it would open with a time trial at Nice over a 7-kilometer course on the Promenade des Anglais on May 16. The first road stage will leave Nice the next day to return to Italy. *(Reuters)*

2-Shot Lead for Webster

GOLF Steve Webster of England finished eagle-birdie to capture a two-stroke lead midway through the second round of the English Open on Friday in Ware. Webster's six-under-par 66 put him at 10-under-par 134, two shots ahead of Northern Ireland's Darren Clarke. *(Reuters)*

Where's Wayne?

HORSE RACING The Black-Eyed Susans were ready and the field set for Saturday's running of the 122d Preakness Stakes at Pimlico in Baltimore. But one fixture was absent: the trainer D. Wayne Lukas. It's the first time since the 1993 Belmont that Lukas did not have had a horse in a Triple Crown race. *(AP)*

Pitch for a Team in L.A.

FOOTBALL The owners of the Los Angeles Kings hockey team say they will tell National Football League owners at formal meetings Monday in San Diego that they are committed to making a $500 million investment to get pro football back in 2000 in a new Los Angeles Memorial Coliseum. *(LAT)*

The Wonderful Wizards

BASKETBALL The NBA team formerly known as the Bullets is now the Washington Wizards. The team announced the switch at a sporting goods store, unveiling a new logo and colors — not to mention a full line of T-shirts. *(AP)*

Cubs Pull Themselves Up, And Reds Settle Into Last

Chicago Is 12-12; Cincinnati Loses 5th in Row

The Associated Press

Things are looking up for the Chicago Cubs because they are finally looking down at the Cincinnati Reds.

Despite a National League-record 14-game losing streak to open the season, the Cubs lifted themselves out of last place for the first time Thursday night with an 8-2 victory over the San Diego Padres. The Reds, meanwhile, tumbled to the bottom of the NL Central with their fifth straight loss, 2-1, to the Los Angeles Dodgers.

"I don't even look at the papers and the standings anymore," said the Reds' manager, Ray Knight. After the game, the standings showed the Cubs in fourth place at 12-26, a game ahead of the Reds (11-27).

Playing in Wrigley Field, the Cubs hit four triples — three in a four-run seventh inning — and Frank Castillo (2-5) pitched seven strong innings for his first victory in three weeks.

Since breaking the losing streak, the Cubs are 12-12, while the Reds are now off to their worst start since 1950.

Dodgers 2, Reds 1 At Cincinnati, Ismael Valdes allowed three hits over seven innings for his first victory since April 2. Todd Zeile and Billy Ashley singled home runs to help Valdes (2-4) snap a streak of six starts without winning.

Pirates 4, Rockies 3 At Pittsburgh, Kevin Elster and AJ Martin hit sixth-inning homers as Pittsburgh (21-18) slipped into first place in the NL Central, a half-game ahead of Houston.

Expos 8, Giants 7 At Montreal, Rondell White's two-run single against Julian Tavarez (0-1) broke an eighth-inning tie, and the Expos survived a shaky ninth for their fourth straight victory.

White Sox 4, Mariners 3 The Mariners pitched around Albert Belle to face Chris Snopek, but Snopek responded with a two-out, two-run double in the ninth inning to beat host Seattle.

Ken Griffey Jr. hit his major league-leading 18th home run, and the Mariners took a 3-2 lead into the top of the ninth at the Kingdome. Norm Charlton (2-2) relieved Jeff Fassero to start the inning, and the White Sox rallied.

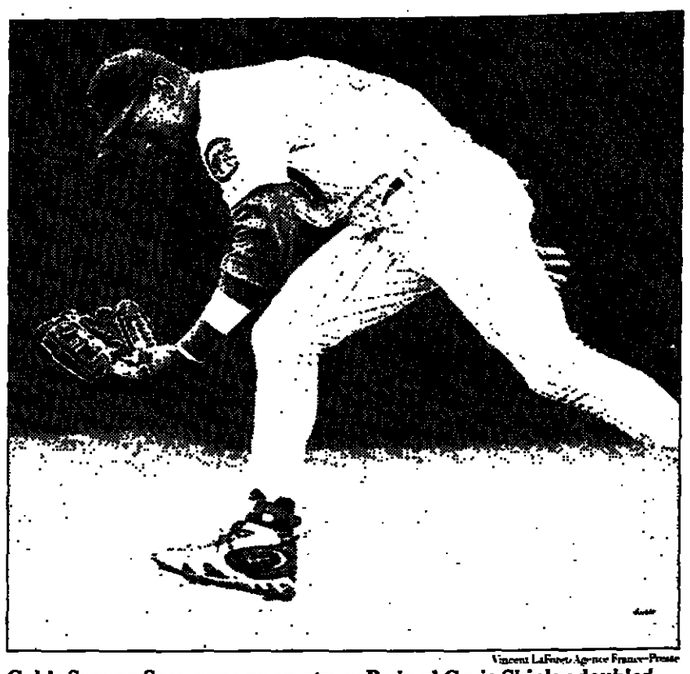
Angels 3, Orioles 2 Jason Dickson, helped by outstanding defense, helped Anaheim stop Baltimore for a two-game sweep. The Orioles lost their first series of the season; they had won eight and split six. The Angels won their fourth game in a row, and fifth straight at home.

Yankees 8, Rangers 2 Cecil Fielder returned from a two-game absence and hit a three-run homer as New York beat host Texas for its season-high fifth straight victory.

Royals 10, Tigers 9 Trailing 9-7 in the bottom of the ninth inning at home, Kansas City came back to win when pinch hitter Johnny Damon led off with a home run and Mike Sweeney hit a two-run homer. The Royals needed only three batters to rally for their third straight victory. Damon connected off Doug Brocail (0-4), Scott Cooper pinch singled and Sweeney hit his second home run.

Athletics 6, Brewers 5 George Williams singled home the go-ahead run in the eighth inning, and Oakland defeated visiting Milwaukee. The A's won their second in a row following seven consecutive losses.

BASEBALL ROUNDUP



Vincent LaForet/Agence France-Presse

Cub's Sammy Sosa came up empty, so Padres' Craig Shipley doubled.

Colorado Slides By Detroit, 2-1

The Associated Press

DENVER — Game 1 of the National Hockey League's Western Conference finals had no fighting and no blood.

But Colorado fans did get to celebrate a 2-1 victory over the Detroit Red Wings in the opening game Thursday. There were only 34 minutes in penalties — a far cry from the 148 minutes the teams compiled in their most recent meeting, a bloodletting in Detroit on March 26.

Joe Sakic, last year's playoff MVP, had a goal and an assist in the third period, helping the Avalanche rally from a 1-0 deficit.

Patrick Roy stopped 34 shots as the Avalanche posted their 11th straight playoff victory at home. Roy now has allowed only seven goals in Colorado's seven home playoff games this year. Colorado was outshot 35-19, and the NHL's most effective power play went 0-for-5.

NHL PLAYOFFS

Klinsmann Plans to Play For Sampdoria

Reuters

BONN — Juergen Klinsmann is once again packing his bags — to join Sampdoria of Genoa next season after two turbulent seasons at Bayern Munich, it was announced Friday.

Sampdoria's director-general, Emiliano Salvarezza, said Friday that the club would make no further official comment on the deal until Klinsmann, 32, had completed the current season with the German League leaders.

After making his name on Stuttgart teams, Klinsmann went abroad to play for Internazionale Milan in 1989. His travels took him to Monaco and Tottenham, England, before he returned to Munich for the 1995-1996 season.

At first, Bayern's chairman, Franz Beckenbauer, was regarded as having pulled off a major coup with Klinsmann's signature. But as time went on Germany's most prominent player was often the target of criticism.

The decision to move to Italy, however, seems to have a great deal to do with his personal life. Klinsmann and his American wife, Debbie, are said to enjoy staying at their house near Lake Como.

EUROPEAN SOCCER

■ Juventus Near Title

Juventus will pick up its 24th Italian league title Sunday if it beats second-place Parma in Turin, Reuters reported.

The Turin team takes a 6-point lead into its game with Parma, with only two games remaining after that. Juventus added two points to its lead Thursday by beating Piacenza, 4-1, on a night when Parma tied, 1-1, with AC Milan.

Woods Gets 6 Birdies As Leader Is Ignored

Washington Post Service

IRVING, Texas — Tiger Woods had been away from the PGA Tour for five weeks and did not have great expectations for his first tournament round since he won the Masters last month by a record 12 shots.

"To be honest, I was just looking for a round under par," he said. "That seemed realistic and reasonable."

And yet, after a three-and-a-half-hour rain delay that allowed him to sleep in, Woods birdied the first hole he played Thursday in the Byron Nelson Classic, one of five on the front nine. Then he finished with a flourish, birdieing the 18th on the TPC course at the Four Seasons Resort and Club at Las Colinas, for a 6-under-par 64 that left him a shot off the first-round lead. Woods was tied with Paul Stankowski and Dudley Hart.

Jim Furyk, who took a two-week break from the PGA Tour after playing in 14 of the year's first 16 events, also came back in fabulous form, to lead the tournament with a 63.

While Woods attracted thousands of spectators, Furyk played across the street in relative anonymity at the Cottonwood Valley course, which is being used for the first two rounds until the field is cut down.

Mike Mulvey/Reuters

Tiger Woods swinging in the first round of the Byron Nelson Classic.

He's a Phenomenon Worth Watching

New York Times Service

IRVING, Texas — Officially, the golf tournament is known as the GTE Byron Nelson Classic, the only PGA Tour event named for a golfer. Here in the Dallas area it is known as "The Byron" for the now 85-year-old legend who grew up in the same caddie yard with another legend, Ben Hogan, over in nearby Fort Worth.

But the tournament this weekend might as well be known as "The Tiger."

For the first time since Eldrick (Tiger) Woods, 21, won the Masters, he teed off Thursday in a PGA Tour event after a rain-and-lightning delay kept the world waiting nearly four hours to see what he would do next.

And while the world waited, Lord Byron himself, with the perspective of having played with Bobby Jones in the early years of the Masters, discussed the phenom whose presence created the first sellout in the 44 years of this tournament.

"You have to look at it in proportion," Nelson said, leaning on the cane he has used since surgery for an artificial hip. "In 1930, Bobby Jones had a tremendous following, but percentage-wise it was almost as great as what Tiger has."

VANTAGE POINT/ DAVE ANDERSON

Jones was a phenom, too. He won his first of four U.S. Open titles at age 21, and he retired at 28 after having swept in 1930 what was then the grand slam of golf: the U.S. Open, U.S. Amateur, British Open and British Amateur.

"Not long ago," Nelson said, "I saw a picture of Jones in which you could see the people, but you couldn't see the golf course."

If Tiger Woods is in the hunt here Sunday, you will not be able to see much of the 6,899-yard (6,280-meter) TPC course at Las Colinas.

"We haven't had someone like Tiger here since Tom Watson," Nelson said, referring to a four-time winner from 1975 to 1980. "Greg Norman comes and goes. Mark O'Meara and Tom Lehman have had good years, but Tiger has something special. His biggest problem will be keeping his prestige with the demands on his time. That will be more difficult than his golf."

Nelson, whose 61 PGA Tour victories rank fifth behind Sam Snead (81), Jack Nicklaus (70), Ben Hogan (63) and Arnold Palmer (60), has been credited with being the first to develop what is considered the modern golf swing.

"I used more feet and legs," Nelson said. "I went three-quarters in my backswing, three-quarters in my follow-through. Now there's more full extension.

"But you couldn't teach Tiger's swing, and there's nothing wrong with it. His balance is great; he never moves off the ball. His timing, his movement, his coordination are excellent. His swing is just one continuous motion."

But as with every golfer, there is more to Tiger Woods than his swing.

"He's got a great feel for how hard he wants to hit the ball," Nelson said. "His swing is a motion here on his backswing, a motion there on his follow-through, fast and hard. That is why he pitches so well from 100 yards, 120 yards, 150 yards."

All those elements are why Tiger Woods is touted as having a realistic chance to be the first golfer to win the modern grand slam — the Masters, the U.S. Open, the British Open and the PGA Championship. Maybe this year.

"If Tiger Woods did it," Nelson said, "it would be the most sensational thing in golf. More sensational than what Bobby Jones did."

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	25	13	.658	—
New York	24	16	.600	2
Toronto	20	17	.541	4½
Detroit	16	23	.410	9½
Boston	15	22	.405	9½

CENTRAL DIVISION

	W	L	Pct.	GB
Kansas City	20	17	.541	—
Milwaukee	19	17	.528	½
Cleveland	18	19	.486	2
Chicago	15	22	.405	5
Minnesota	15	25	.375	6½

WEST DIVISION

	W	L	Pct.	GB
Seattle	23	16	.590	—
Texas	21	16	.568	1
Anaheim	18	19	.486	4
Oakland	17	24	.415	7

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	26	13	.667	—
Florida	23	16	.590	3
Montreal	21	16	.568	4
New York	20	19	.513	6
Philadelphia	14	24	.368	11½

CENTRAL DIVISION

	W	L	Pct.	GB
Pittsburgh	21	18	.538	—
Houston	21	19	.525	½
St. Louis	17	21	.447	3½
Chicago	12	26	.316	8½
Cincinnati	11	27	.289	9½

WEST DIVISION

	W	L	Pct.	GB
San Francisco	23	14	.622	—
Los Angeles	22	15	.595	1
Colorado	22	16	.579	1½
San Diego	14	23	.378	9

THURSDAY'S LINE SCORES

AMERICAN LEAGUE

Chicago	000	110	002	—4	10	1
Seattle	200	001	000	—3	7	2

Drabek, Levine (7), L. Thomas (8), Simas (8), R. Hernandez (9) and Kreuter; Fassero, Charlton (9) and Da.Wilson. W—Simas, 1-0. L—Charlton, 2-2. Sv—R. Hernandez (7). HR—Seattle, Griffey Jr. (18).

New York	300	004	010	—5	11	0
Texas	200	000	000	—2	9	1

Kn.Rogers, Nelson (7), Boehringer (9) and Girardi; Alberro, Whiteside (1), Gunderson (6), Vosberg (9) and L. Rodriguez. W—Kn.Rogers, 3-1. L—Alberro, 0-1. HR—New York, Fielder (3).

Detroit	030	210	300	—9	7	1
Kansas City	030	102	013	—10	15	1

Olivares, J. Cummings (6), Miceli (6), To.Jones (8), Brocail (9) and Casanova; Appier, McDill (6), J. Montgomery (7), Converse (8), J.Walker (8) and Spehr. MLSweeney (8). W—J. Walker, 2-1. L—Brocail, 0-4. HRs—Detroit, To.Clark (14), Nieves (4). Kansas City, MLSweeney (2), Damon (2).

Baltimore	000	101	000	—2	3	0
Anaheim	210	000	00x	—3	9	0

Kamieniecki, Orosco (7) and Halles; Dickson, McElroy (8), DeLucia (8), Holtz (9), James (9) and Leyritz. W—Dickson, 6-1. L—Kamieniecki, 2-2. Sv—James (5). HR—Baltimore, R. Palmeiro (6).

Milwaukee	040	010	000	—5	13	0
Oakland	230	000	01x	—6	12	0

Karl, Wickman (6), Villone (8) and Levis; Telgheder, C. Reyes (3), Groom (6), Wengert (7), Taylor (9) and Ga.Williams. W—Wengert, 2-2. L—Wickman, 2-2. Sv—Taylor (8).

NATIONAL LEAGUE

San Diego	000	110	000	—2	3	2
Chicago	010	200	41x	—8	11	0

Hitchcock, Scott (7) and Fletcher; F.Castillo, Patterson (8), Battenfield (9) and Servais. W—F. Castillo, 3-5. L—Hitchcock, 3-4. HR—San Diego, Joyner (2).

Colorado	210	000	000	—3	9	0
Pittsburgh	000	013	00x	—4	6	1

R.Bailey, DeJean (7) and Je.Reed; F.Cordova, Loiselle (9), Rincon (9) and Kendall. W—F. Cordova, 3-3. L—R. Bailey, 4-3. Sv—Rincon (3). HRs—Pittsburgh, Elster (7), A. Martin (5).

Los Angeles	010	100	000	—2	6	0
Cincinnati	000	010	000	—1	5	0

I.Valdes, Guthrie (8), Hatt (8), To.Worrell (9) and Piazza; Smiley, Brantley (8), Belinda (9), Remlinger (9) and J. Oliver. W—I. Valdes, 2-4. L—Smiley, 3-4. Sv—To.Worrell (12).

San Francisco	002	000	401	—7	12	1
Montreal	100	014	02x	—8	13	2

Vn.Landingham, Poole (6), Rau (6), Tavarez (7) and Berryhill; Hermanson, Daal (7), D. Veres (7), Telford (7), L. Smith (9), Urbina (9) and Fletcher. W—Telford, 1-0. L—Tavarez, 0-1. Sv—Urbina (4). HR—Montreal, Fletcher (5).

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Yakult	21	13	—	.618	—
Hiroshima	16	14	—	.533	3.0
Chunichi	16	16	—	.471	5.0
Honshin	15	17	—	.469	5.0
Yokohama	14	16	—	.467	5.0
Yomiuri	14	18	—	.438	6.0

FRIDAY'S RESULTS

Yakult 1, Honshin 0
Chunichi 5 Yomiuri 1

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	19	13	—	.594	—
Orix	15	13	—	.536	2.0
Daiei	17	16	—	.515	2.5
Nippon Ham	15	17	—	.469	4.0
Lotte	14	16	1	.467	4.0
Kintetsu	13	18	1	.419	5.5

FRIDAY'S RESULTS

Seibu 7, Lotte 3

BASKETBALL

NBA PLAYOFFS

SECOND ROUND
(BEST-OF-SEVEN)
THURSDAY'S RESULT

Houston	13	24	24	25—	96
Seattle	30	21	27	21—	99

H: Olajuwon 12-21 6-7 30, Barkley 7-17 5-7 20; S: Kemp 6-14 10-14 22, Payton 7-16 4-5 19. Rebounds—Houston 57 (Barkley 12), Seattle 43 (Kemp 11). Assists—Houston 21 (Drexler 6), Seattle 23 (Payton 13).
(series tied 3-3)

ICE HOCKEY

NHL PLAYOFFS

WESTERN CONFERENCE FINALS
(BEST-OF-SEVEN)

Detroit	0	0	1—1
Colorado	0	0	2—2

First Period: None. Second Period: None. Third Period: D-Shanahan 5 (Lapointe, Yzerman) 2, C-Sakic 5 (Lacroix) 3, C-Ricci 2 (Lemieux, Sakic) Shots on goal: D- 10-13-12—35. C- 8-2-9—19. Goalies: D-Vernon, C-Roy. (Colorado leads series 1-0)

RUGBY UNION

SUPER 12

FIRST ROUND

Waikato 18, Otago 34

STANDINGS: x-Auckland 45 points; x-ACT 36; x-Wellington 33; x-Natal 30; Gauteng 23; Northern Transvaal 22; Canterbury 21; Queensland 20; New South Wales 20; Free State 20; Waikato 19; Otago 17.
x-clinched semifinal berth.

SOCCER

ITALIAN FIRST DIVISION

Atalanta 0, Roma 4
Cagliari 4, Fiorentina 1
Inter 3, Reggiana 1
Lazio 3, Napoli 2
Parma 1, Milan 1
Perugia 5, Bologna 1
Juventus 4, Piacenza 1
Udinese 3, Verona 0
Vicenza 1, Sampdoria 1

STANDINGS: Juventus 62 points; Parma 56; Inter 54; Lazio 50; Udinese 48; Bologna 47; Sampdoria 46; Vicenza 43; Milan 42; Roma 40; Fiorentina 40; Atalanta 39; Napoli 37; Cagliari 33; Piacenza 33; Perugia 31; Verona 24; Reggiana 19.

SPANISH FIRST DIVISION

Tenerife 2, Atletico Madrid 3

STANDINGS: Real Madrid 83 points; Barcelona 78; Deportivo Coruna 73; Real Betis 72; Atletico Madrid 66; Valladolid 58; Real Sociedad 53; Athletic Bilbao 52; Tenerife 51; Valencia 49; Racing Santander 47; Celta Vigo 43; Zaragoza 43; Compostela 43; Espanyol 42; Oviedo 42; Extremadura 40; Raya Vallecano 39; Sporting Gijon 39; Hercules 35; Sevilla 33; Logranes 31.

TENNIS

GERMAN OPEN

FRIDAY, IN BERLIN
QUARTERFINALS

Jana Novotna (2), Czech Republic, def. Sabine Appelmans, Belgium, 7-6, 6-2, 6-0.
Amanda Coetzer (7), South Africa, def. Steffi Graf (1), Germany, 6-0, 6-1.
Mary Joe Fernandez (10), U.S., def. Anna Kournikova, Russia, 6-1, 6-4.
Mary Pierce (12), France, def. Ina Majoli (6), Croatia, 6-1, 6-4.

ITALIAN OPEN

FRIDAY, IN ROME
QUARTERFINALS

Goran Ivanisevic (6), Croatia, def. Scott Draper, Australia, 6-4, 6-4.
Alex Corretja (10), Spain, def. Karim Alami, Morocco, 4-6, 7-5, 6-3.
Marcelo Rios (7), Chile, def. Jim Courier, U.S., 6-3, 3-6, 7-6 (7-4).

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

MINNESOTA—Put RHP Bob Tewksbury on 15-day disabled list, retroactive to May 5.
TORONTO—Claimed RHP Mike Gordon on waivers from Cleveland Indians and assigned him to Knoxville, SL.

JAPANESE LEAGUE

HANSHIN—Announced the retirement of OF Mike Greenwell.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

NBA—Suspended Miami's P.J. Brown for 2 games and New York's Charlie Ward, Patrick Ewing, Allan Houston, Larry Johnson, Doug Ister Jones and John Starks 1 game each for their part in bench-clearing brawl in Game 5 of Eastern Conference semifinals on May 14. Fined Brown $10,000; Ward $6,000; and Ewing, Houston and Starks $2,500 each. Fined Knicks $20,000 — $5,000 for each player who left bench, and Starks additional $5,000 for obscene gesture toward crowd. Banned Jones from sitting on bench for rest of postseason.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

ARIZONA—Signed TE Johnny McWilliams to 2-year contract.
NEW ORLEANS—Cut QB Jim Everett.
OAKLAND—Signed QB Donald Hollas.
OAKLAND—Re-signed OT Robert Jenkins.
SAN FRANCISCO—Signed WR Mike Richmond.
SEATTLE—Signed TE Deems May, OT Pete DiMarlo and P Paul Burton. Agreed to terms with LB Joe Cain. Released TE Coleman Bell and CB Selwyn Jones.

CANADIAN FOOTBALL LEAGUE

HAMILTON—Signed SB Luc Normand, QB Jason McCullough and DE Willie Whitehead.
MONTREAL—Re-signed FS Spencer McLennan. Signed LB Carlos Brown and CB Tony Brown.
TORONTO—Signed QB Andre Ware. Acquired WR Willie Hinchcliff from Saskatchewan for DB Joe Mera.

WORLD LEAGUE

AMSTERDAM—Signed K Carlos Huerta. Placed S Kelly Sims on injured reserve.
BARCELONA—Signed CB Dan Robinson.
FRANKFURT—Signed QB Brad Bretz. Waived QB Steve Taneyhill, and RB Burnie Legette. Put DE Jeff Rodgers on injured reserve.
LONDON—Acquired RB Ron Dickerson from Scottish Claymores for 1998 draft pick. Signed T Mike Moody. Activated P Brian Greenfield and WR Atan Allen from injured reserve. Waived P Greg Ivy and T Derrick Turner.
RHEIN FIRE—Waived LB Will Brown.
SCOTTISH CLAYMORES—Signed DE Cornell Thomas and TE Cedric Saunders. Put T Randy Bierman and DT Keith Powe on injured reserve. Waived CB Israel Byrd and RB Markus Thomas.

HOCKEY

NATIONAL HOCKEY LEAGUE

PHOENIX—Signed G Sylvain Dalgie to multiyear contract.

COLLEGE

ALBANY, N.Y.—Named Scott Hicks mens basketball coach.
HAWAII—Suspended QB Tim Carey indefinitely after he was arrested for gambling.
OLD DOMINION—Signed Wendy Lamy, women's basketball coach, to 3-year contract.
SOUTHEAST MISSOURI STATE—Fired Ron Shumate, men's basketball coach. Suspended Randy Curl, men's assistant basketball coach, and is not extending his contract. Announced resignation of Kirt Cochran and Scott McCowan, men's assistant basketball coaches.
SOUTHWEST MISSOURI STATE—Re-signed women's basketball coach Cheryl Burnett to 5-year contract.

THE WEEK AHEAD

SATURDAY, MAY 17

SOCCER. Wembley, England — English FA, FA Cup final, Chelsea vs. Middlesbrough.
ATHLETICS. Copenhagen, Denmark — Copenhagen Marathon.
CYCLING. Rome — UCI, Giro d'Italia, Tour of Italy, to June 8.
GOLF. Men. Hertfordshire, England — PGA European Tour, English Open, to May 18; Irving, Texas — U.S. PGA Tour, Byron Nelson Classic, to May 18; Namegata, Japan — Japan PGA, Japan PGA Championship, to May 18; Clifton, New Jersey — U.S. Senior PGA Tour, Cadillac NFL Classic, to May 18. Women. Wilmington, Delaware — U.S. LPGA, LPGA Championship, to May 18; Munakata, Japan — Japan LPGA, Yakult Ladies, to May 18.
HANDBALL. Kumamoto, Japan — men, IHF, World Championship, to June 1.
HORSE RACING. Baltimore — Preakness Stakes.
RUGBY UNION. Various sites — Pacific Rim Championship. Japan vs. Canada; Hong Kong vs. United States. Various sites — Super 12. New South Wales vs. Auckland; Gauteng vs. Natal; Canterbury vs. Queensland.
SOCCER. Wembley, England — English FA, FA Cup final, Chelsea vs. Middlesbrough.
SUMO. Tokyo — Summer Grand Sumo Tournament, to May 25.
TENNIS. men: Rome — Italian Open, to May 18. Women: Berlin — German Open, to May 18; Cardiff, Wales — Cardiff Championships, to May 18.
WEIGHTLIFTING. Rijeka, Croatia — men, IWF, European Weightlifting Championships, to May 19.

SUNDAY, MAY 18

ATHLETICS. Charlotte, North Carolina — men, women. IAAF, Grand Prix, USA Track and Field Grand Prix, class I.
BASKETBALL. Secaucus, New Jersey — NBA draft lottery.
MOTORCYCLE RACING. Mugello, Italy — Italian Grand Prix.
SOCCER. Various sites — World Cup qualifiers: Estonia vs. Latvia; Jamaica vs. El Salvador.
RUGBY UNION. Wellington, New Zealand — Super 12, Wellington vs. ACT; Tokyo — Pacific Rim Championship, Japan vs. Canada.

MONDAY, APRIL MAY 19

GOLF. Denham, England — men, Andersen Consulting World Championship of Golf, European Championship, to May 20.
TENNIS. men, Dusseldorf, Germany — World Team Cup, to May 25; St. Polten, Austria — Raiffeisen Grand Prix, to May 25. Women, Strasbourg, France — Strasbourg International, to May 25; Edinburgh, Scotland — World Doubles Cup, to May 25; Madrid, Spain — Yellow Pages Open, to May 25.

TUESDAY, MAY 20

AUTO RACING. Buenos Aires, Argentina — FIA, Rally Argentina, to May 24.

WEDNESDAY, MAY 21

SOCCER. Milan, Italy — UEFA Cup Final, return-leg, Internazionale Milan, Italy, vs. Schalke 04, Germany. various sites — Copa Libertadores: Quarterfinals, first Leg: Univ. Catolica, Chile, vs. Colo Colo, Chile; Cruzeiro, Brazil, vs. Gremio, Brazil; Bolivar, Bolivia, vs. Sporting Cristal, Peru; Penarol, Uruguay, vs. Racing, Argentina. Tokyo — International friendly, Japan vs. South Korea.

THURSDAY, MAY 22

CRICKET. Headingley, England — 1-day International, England vs. Australia.
GYMNASTICS. Patras, Greece — 14th European Rhythmic Championships, to May 25.
GOLF. men: Fort Worth, Texas — MasterCard Colonial, to May 25; Yoshiki, Japan — Pepsi Ube, to May 25. Women. Corning, New York — Corning Classic, to May 25.
SOCCER. Solna, Sweden — International friendly, Sweden vs. Poland.
WRESTLING. Kouvola, Finland — men, European Greco-Roman Championships, to May 25.

FRIDAY, MAY 23

GOLF. men, Virginia Water, England — Volvo PGA Championship, to May 26; Malvern, Pennsylvania — U.S. Senior Tour, Bell Atlantic Classic, to May 25. Women, Kasugai, Japan — Japan, Chukyo TV Bridgestone, to May 25.
TENNIS. Paris — French Open draw.
SOCCER. Quetta, Pakistan — World Cup qualifier, Pakistan vs. Iraq.
RUGBY UNION. various sites — Super 12, semifinals, to May 25.

SATURDAY, MAY 24

AUTO RACING. Madison, Illinois — CART, Indy-car, Motorola 300.
CRICKET. London, England — 1-day International, England vs. Australia.
GOLF. women, Frisco, Texas — Skins Game, to May 25.
HORSE RACING. Curragh, Ireland — Irish 1,000 Guineas.
RUGBY UNION. Hong Kong — Pacific Rim Championship, Hong Kong vs. Canada.
SOCCER. Singapore — World Cup qualifier, Singapore vs. Lebanon; Manchester, England — International friendly, England vs. South Africa.

SUNDAY, MAY 25

ATHLETICS. Eugene, Oregon — men, women. Grand Prix, Prefontaine Classic; Prague, Czech Republic — Prague Marathon.
AUTO RACING. Barcelona, Spain — Formula 1, Spanish Grand Prix; Indianapolis — Indy-car, Indianapolis 500; Charlotte, North Carolina — NASCAR Winston Cup, Coca-Cola 600.
BADMINTON. Glasgow, Scotland — men, women. World Championships, to June 1.
CRICKET. London, England — 1-day International, ICC, England vs. Australia.
HORSE RACING. Curragh, Ireland — Irish 2,000 Guineas.
SOCCER. Various sites — World Cup qualifiers: Uzbekistan vs. Cambodia; Vietnam vs. China; Turkmenistan vs. Tajikistan.
RUGBY UNION. Tokyo — Pacific Rim Championship, Japan vs. United States.

For the Dodgers, A Whole New Deal

By Richard Sandomir
New York Times Service

NEW YORK — If Rupert Murdoch's Fox Group is able to acquire the Los Angeles Dodgers, the team would move from the hands of the O'Malley family, whose only business has been baseball, into the embrace of an aggressive conglomerate that wants to use the team to enhance its domestic and global media interests.

Fox is now in exclusive negotiations with Peter O'Malley, the Dodgers' owner, and Murdoch said in Tokyo this week that he hoped to complete a deal in a month for a $350 million purchase.

"I think of this as network-building and empire-building," said Andrew Zimbalist, a sports finance expert and a professor of economics at Smith College. "because at the price being quoted, it's not understandable as an investment in a baseball franchise."

Financial World has placed a value of $178 million on the team and stadium, but did not calculate the value of the land beneath and around the stadium, some of the most valuable in Los Angeles, or the team's training facilities in Florida and the Dominican Republic.

Fox is the antithesis of the O'Malley-run Dodgers. Murdoch loves to ski and sail, and accumulate media properties like The New York Post, sometimes for profit, sometimes for political power. Murdoch's bid for the Dodgers shows more his lust for acquiring content for his empire than his love for American sports. And it is cheaper than the $395 million yearly fee Fox is paying for National Football League television rights.

The Dodgers, and nothing else, make up the entire business realm of the low-key O'Malley, last of the baseball scions.

It is a very different world now, where only the richest people or corporations can afford the indulgence of a sports franchise, and where multinational companies like Murdoch's or Time Warner see a baseball team as software, not a public trust.

Dodger Stadium, now in its 36th season, would most likely be Fox's first outpost of change, with the first-time construction of luxury suites and club seats.

Ticket prices, which average $11.16 this year, below the $11.98 major league average, are usually among the lowest in baseball. They could increase under Fox.

More than anything else, Fox's bid for the Dodgers is a television play, one that would create the kind of vertical integration enjoyed by Time Warner and the Tribune Company. Time Warner owns the Atlanta Braves and TBS, the cable superstation that carries 125 Braves games.

Traditionally, the Dodgers have avoided selling the TV rights to the majority of their games, reasoning that they should not sacrifice attendance, usually among baseball's highest, for viewership. That would certainly change with Fox as the owner.

SPORTS

Another Fight Night, As Sonics Even Series

By Tom Friend
New York Times Service

SEATTLE — A second night at the fights wasn't much different than the first night at the fights, except that everyone stayed chained to their benches.

At it turns out, P. J. Brown vs. Charlie Ward, the featured bout in the Heat's victory over the Knicks on Wednesday night, begat Shawn Kemp vs. Kevin Willis in Thursday night's Game 6 of the Western Conference semifinals.

NBA PLAYOFFS

Houston's Willis threw an elbow during Seattle's 99-96 victory that evened the series at 3-3, and Kemp retaliated with an open-handed slap.

"That was a stiff-arm punch Shawn threw," said the Rockets' Eddie Johnson. "If you go by the rules, he's gone Saturday. I mean, that was a punch. A rule is a rule. I mean, you know the Knicks were looking at this game, and they're going to be saying, 'How do you not suspend him and you suspend us for being peacemakers?' "

Speaking of missing persons, has anyone seen Houston's guard, Matt Maloney? Gary Payton's fingerprints were all over him on Thursday night as Maloney seemed to regress to his Continental Basketball Association days. Houston might want to rethink its offense.

The Rockets trailed by 17 points after one quarter, then by 20 late in the third. But they manage to cut Seattle's lead to two with 31 seconds left, albeit because Hakeem Olajuwon (30 points) started playing one on five.

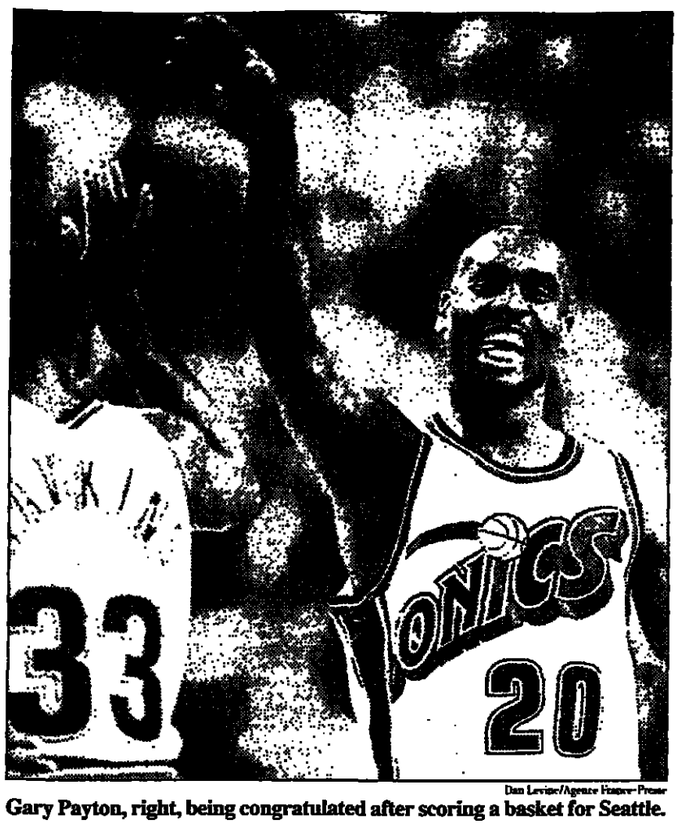
But Payton turned a narrow 95-93 lead into a game-over 97-93 lead by shoulder-faking past Sedale Threatt, Maloney's understudy, and scooping in a soft, left-handed lay-up over Charles Barkley.

"Like to go to my left," said Payton, who finished with 19 points and a career-playoff-high 13 assists. "It's something that's God-given."

The Rocketshad led this four-of-seven-game series, 3-1 — in part because Maloney hit every open 3-pointer in sight (eight in Game 4 alone), and because Payton was wasting his time guarding Mario Elie.

But Payton, a former defensive player of the year, switched over to Maloney, a 27-year-old rookie, and held him to 2 points in Game 5 and to 4 points Thursday night.

And now it all comes down to Game 7. Said Barkley: "We are going to win Saturday. That's it."



Dan Levine/Agence France-Presse

Gary Payton, right, being congratulated after scoring a basket for Seattle.

End of Line for Courier

Rios Wins Trip to Italian Open Semifinal

By Ian Thomsen
International Herald Tribune

ROME — Jim Courier's continuing comeback fell just short Friday, though his defeat was more entertaining than many of his famous victories on clay earlier this decade. But that will be of no consolation to him.

He was beaten in his Italian Open quarterfinal, 6-3, 3-6, 7-6 (7-4), by No. 7 Marcelo Rios of Chile. Courier seemed frustrated even while breaking Rios twice to even the match in the second set. He seemed to be working as hard as he could, and yet the balls were coming back, casually, with practically as much pace and spin, and more accuracy.

The younger, smaller, ponytailed Rios seemed utterly relaxed and shamelessly arrogant, from the fifth game of the opening set when he first broke Courier, to the first game of the final set, when he broke Courier again.

Then, in the sixth game, Rios made a surprising offer. He smashed an overhead into the net on break point, permitting Courier to pull even. They then broke each other, back and forth, in the 7th, 8th, 11th and 12th games. Each time Rios took the lead, the two-time Italian Open champion (in 1992 and 1993) was yanking it back to even. Into the tiebreaker they went, staggering.

By that stage Courier, who had seen No. 1 Pete Sampras out of the first round, had spent all of his comebacks. He lost the first point of the decisive tiebreaker on serve, and he didn't react well, netting a defensive overhead to fall behind, 5-1, and throwing his racket violently from midcourt at his chair. Courier pulled himself back into contention at 4-5 before his errant forehand entitled Rios to match point, which was quickly seized.

Rios won at Monte Carlo and now seems to be positioning himself for contention at the French Open. His next opponent was pending the result of a quarterfinal later Friday between Marc-Kevin Goellner of Germany and Alberto Berasategui of Spain.

Goran Ivanisevic of Croatia, at No. 6 the top seed surviving, will meet No. 10 Alex Corretja of Spain in a semifinal Saturday. Corretja, probably the most effective player on clay this spring, recovered to beat the athletic Karim Alami of Morocco, 4-6, 7-5, 6-3.

Ivanisevic continued to look fresh and unfettered in his first tournament after an injury to his finger kept him out for five weeks. He beat Scott Draper of Australia, 6-4, 6-4, the same Scott Draper who had knocked out the two-time defending champion Thomas Muster in the second round. Of all the famous casualties of the early week — including Sampras and No. 2 Michael Chang — the most talk has been generated around Muster. He has yet to win on clay this year.

We all are surprised, considering how dominant he's been in the last few years," Courier said. "I don't know how to explain it. He looked really fatigued. We're not used to seeing him like that."

Boris Becker believed that Muster, hoping to prove he was a multidimensional champion, wore himself out while winning the Super-9 event at Key Biscayne, Florida, on the hard courts two months ago.

"They have longer seasons, they cannot rest," Becker said. "It's just a different thing to play an 11-month season. After a couple of months they are tired and not up to the level of their other seasons. When Muster was dominant he didn't play for a month before the clay-court season — he lost on the hard courts and came to the clay courts fresh and eager. This year he played in Key Biscayne and Australia, and I think he left some of his energy there."

In this post-Muster vacuum, there has been no dominant player with the French Open approaching in less than two weeks. The 10 events on clay this season have been won by 10 different players, with Chang the only major champion among them. The 25-year-old Ivanisevic, feeling fresh thanks to his injury, might be positioned to finally win the French Open or Wimbledon after a half-decade in contention.

"After five weeks off I'm hungry, I'm fighting for every point," said Ivanisevic. "I made a mistake last year. I played a lot of tournaments and when Wimbledon arrived I was flat and couldn't play my best tennis. Now I am lucky I broke my finger and got some rest."

■ Coetzter Stops Graf in Berlin

Steffi Graf, coming back to tennis after a three-month absence, suffered one of the worst defeats of her career Friday at the German Open, The Associated Press reported from Berlin.

Amanda Coetzer of South Africa trounced the top-seeded Graf, 6-0, 6-1, in their quarterfinal match. Graf, who had been out because of a knee injury, did not win a game until she trailed 4-0 in the second set.

"I was incredibly nervous out there," Graf said. "My confidence slipped from game to game, from shot to shot."

Coetzer will play Mary Pierce in the semifinal. Pierce beat Iva Majoli of Croatia, 6-1, 6-4.

The second-seeded Jana Novotna won to reach the semifinals, ousting the unseeded Sabine Appelmans of Belgium, 1-6, 6-2, 6-0. Mary Joe Fernandez stopped the advance of a 15-year-old Russian, Anna Kournikova, winning by 6-1, 6-4 to move into the semifinals.

Graf, who lost her No. 1 ranking to Martina Hingis during her layoff, made 16 forehand errors and had four double faults in the first set, which lasted only 28 minutes. Her forehand, perhaps tennis' most lethal stroke the past decade, often missed landing in the court by several feet against Coetzer.

"I'm not worried about the result," Graf said. "I'll be worried if it happens again next week." Graf's previous worst loss came at the 1991 French Open when Arantxa Sanchez Vicario of Spain beat her 6-0, 6-2 in the semifinals.

Jon Bauch/AP

Steffi Graf during the match she lost Friday to Amanda Coetzer.

Players' Union Sues NBA Over Playoff Suspensions of 4 Knicks

Compiled by Our Staff From Dispatches

NEW YORK — The NBA Players Association sued Friday to overturn the suspensions of four New York Knicks over a bench-clearing brawl, arguing that the players were acting as "peacemakers."

In the most severe penalty ever imposed during the playoffs, the National Basketball Association on Thursday suspended five Knicks, including Patrick Ewing, and one Miami Heat player for their roles in a fight at the end of their game Wednesday night.

Ewing, Allan Houston, John Starks and Larry Johnson were penalized under a league rule that prohibits players from leaving the bench area after an altercation begins. Charlie Ward, the fifth Knick suspended, was part of the original skirmish, as was the only Heat player banished, P.J. Brown.

The suit sought a temporary restraining order that would delay any suspensions until the union appeals the penalties to the league's arbitrators.

The suit claimed the union never agreed to the NBA rule requiring an automatic one-game suspension for players who leave the bench during a fight.

A lawyer for the union, Jeffrey L. Kessler, said the case should be turned over to an arbitrator to determine if the suspensions should stand.

A hearing was expected Friday afternoon, hours before the teams' playoff game.

The penalties were announced by Rod Thorn, the league's senior vice president of basketball operations. It was the harshest playoff ruling in terms of games lost to suspension, seven, and players suspended, six. In a 1994 series between Miami and Atlanta, three players were suspended for a total of six games, also because of a brawl.

Ewing, Houston and Ward, a Knick backup, were suspended for Friday night's game. The Knicks lead the Heat, 3-2, in the Eastern Conference semifinal.

Brown of the Heat was suspended for two games, while Ward, Ewing, Houston, Johnson and Starks were suspended for one game each.

Because the Knicks are required to have nine players in uniform, Ewing, Houston and Ward were to sit out Game 6 on Friday night. Starks and Johnson were to sit out Sunday's game — whether that is Game 7 at Miami or Game 1 of the Eastern Conference finals at Chicago.

The suspension rule for fighting was enacted in October 1994, five months after a playoff fight between New York's Derek Harper and Chicago's Jo Jo English. Players from both benches joined in.

The brawl began during Wednesday's Game 5 at Miami, when Ward ducked and moved sideways into Brown's legs as Miami's Tim Hardaway made a free throw. Brown wrapped his arm around Ward's waist, lifted him, flipped him over and threw him to the floor behind the baseline.

New York's John Wallace grabbed Brown, and players from both teams joined the pile. *(AP, NYT)*

Let's Face It, Plain and Simple, Those Knicks Have to Go

Washington Post Service

Vantage Point / **MICHAEL WILBON**

ON the face of it, suspending five New York Knicks seems excessive because four of them — Patrick Ewing, John Starks, Larry Johnson and Allan Houston — started pulling potential combatants away from each other as soon as they came off the bench in the game Wednesday night against the Heat.

Every single piece of video evidence suggests each one of them was acting more in the interest of peacemaking than brawling, as the NBA Players Association maintains. Not one of them as much as raised a hand to throw a punch or do anything to instigate more violence than had already taken place when Miami's P.J. Brown bodyslammed New York's Charlie Ward.

But the NBA has a rule that is clear: You come off the bench during a brawl, you're suspended. Plain and simple. And while common sense should have been the overriding factor, the Knicks are responsible for the creation of the rule. Greg Anthony, when he was with the Knicks, came off the bench in street clothes to coldcock Kevin Johnson during a game in Phoenix in 1993, and then the Knicks and Bulls brawled in 1994 during the Eastern Conference playoffs.

So if there's any team that doesn't deserve the benefit of the doubt, if there's any team that should know better, if there's any team that deserves to be held to the letter of the law, it's the Knicks.

As things stand, the NBA had no choice but to suspend the players who came off the bench, even though the ruling may affect the outcome of the championship. The rule may need amending. And the league may need to leave some room for interpretation so that actions and intent can be assessed.

But the rule had to be enforced. If it wasn't, what would be the incentive for Miami's players to remain on the bench in case of another brawl. You ignore this rule — not a traveling violation or a double dribble but a major rule that was implemented to ensure the health of the players — and the integrity of your game suffers. You become Major League Baseball, too gutless to take a Robbie Alomar out of the playoffs after he spat in an umpire's face, when that's exactly what should have happened.

You know what else? We start hearing that conspiracy talk again.

See, see, see, the NBA wants the Knicks to win and play Chicago, so the NBA is manipulating the outcome of the series by not suspending them.

Or: See, see, see, not suspending the Knicks players proves that the league has been out to get Pat Riley ever since this summer, when Juwan Howard's contract with the Heat was nullified.

Or this: Riley ordered Brown's move in front of the Knicks bench no less, to entice the Knicks to come flying into a suspension- inducing melee.

But why is Ward being suspended? Is there a rule that you get kicked out if an opponent uses you as a ragdoll? On the other hand, what about John Starks? Let me tell you about the highlights you can't see on the news. Starks stood atop the scorer's table after the brawl and gave fans in the Miami Arena a middle-finger salute. This is what you want a player doing to fans who've paid $90 for seats? Starks, easily, could have been suspended for at least two games.

It was refreshing to hear Alonzo Mourning talk candidly about how sorry he was that the entire affair happened.

DENNIS THE MENACE

"MOM SAYS DAD IS ON CRUISE CONTROL."

PEANUTS

CALVIN AND HOBBES

GARFIELD

WIZARD of ID

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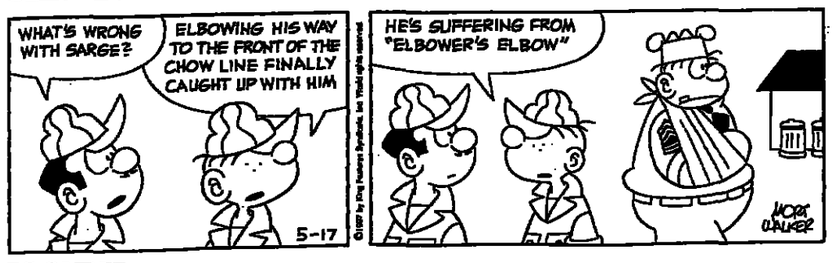

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JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

ACTUD

NORIB

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DRYWAT

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: A "_____" IN THE _____ (Answers Monday)

Yesterday's Jumbles: FAVOR CIVIL VANDAL GAMUT
Answer: When romance blooms on the tennis tour, it's — FALL IN LOVE

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Herald Tribune

DAVE BARRY

Toilets, the American Way

MIAMI — I have received a number of letters from readers complaining that I focus too much on "bathroom humor," instead of using this forum to educate my readers about important issues that are of deep concern to our nation. O.K., *fine. I can take criticism, and I admit* that maybe I have become somewhat fixated. So today my topic will be: China.

China is a large nation located over in Asia. You readers should be more concerned about it.

Now, with what little space I have remaining, I'd like to talk about a fascinating newspaper-insert advertisement for Vanish *brand toilet cleaner.* You may have seen this ad; it features a portrait-style color photograph of a middle-aged woman standing next to a toilet. She's smiling and holding a package of Vanish, and next to her head is this quotation, which I am not making up:

What happened when Pat Mayo invited people to visit her bathroom.

"'I have the cleanest and the nicest smelling bathroom in the neighborhood. If anybody doesn't believe me, ring my doorbell and you can smell my toilet.' Pat Mayo, Hometown, Illinois."

This ad was sent to me by alert reader Lee Burtman, who states: "As a very busy teacher and mother of four (including two young boys just learning to aim) I cannot imagine encouraging people to ring my doorbell and ask to smell the toilet."

That was my reaction also. I mean, I don't want to get explicit here, but there are times when I don't want my own loved ones going near my toilet. If total strangers were to start coming to my door and asking for a whiff of it, I would purchase a Sears Craftsman brand *home flame-thrower.*

So I decided to contact Pat Mayo of Hometown, Illinois, which turns out to be a real place, right next to Chicago (a large city). Pat said that she did, indeed, invite people to smell her toilet; in fact, she makes the same invitation in a TV commercial. Here, as she explained it to me, is what happened:

A while back, Pat, who is a real stickler for housework, purchased some Vanish at the supermarket. She tried it and was very impressed with its toilet-cleansing properties.

"I threw away my toilet brush," she said.

She was so impressed that she called the Vanish people, and they decided to put her in one of those commercials wherein they use regular humans. As you know, with a lot of TV commercials, when you see "typical homemakers" getting worked up into an advanced state of rapture over the cleanliness of their toilets, you are actually watching paid professional actresses who, in real life, would no more clean a toilet than they would French-kiss a *leech.*

Also, remember the Ty-D-Bol man? the guy who used to float around the toilet tank in a little boat? I hate to burst your bubble, but he wasn't real, either. He was just a professional actor who happened to be six inches tall. The REAL Ty-D-Bol man is only four inches tall and is always watching you via a little periscope. Try not to *think about it.* (Also, for the record, the so-called "Energizer Bunny" is actually Sylvester Stallone in a costume.) But getting back to Pat Mayo: She told me that she was filming the Vanish commercial, and she was wearing a long-sleeved *outfit under these hot lights, and they* kept putting powder on her, and the director kept badgering her to say, in her own words, WHY she was so fond of Vanish, and finally she just blurted out a blanket invitation to the world to come and smell her toilet, and that's what they put on TV.

I asked Pat if anybody has actually taken her up on this offer, and she said that about a week after the commercial started running, she was cleaning her house, and the doorbell rang; it was two neighborhood boys on bicycles, and they said "Hey, Mrs. Vanish, can we smell your toilet?" So Pat let them in, and they flushed it a couple of times, and she gave them soda pops and sent them on their way.

"They were bragging around the neighborhood," Pat said. "'We smelled the Vanish Lady's toilet!'"

Yes, Pat has become a celebrity, and not just in her own neighborhood: She has been interviewed on several radio programs, and she even got mentioned by Jay Leno. You have to love a country where one day a person can be just a regular private citizen in Hometown, Illinois, and the next day her toilet is being discussed on nationwide television. That is the beauty of the American way of life, in stark contrast to the way of life in China, where — even now, in the late 20th century — there IS no Jay Leno.

NEXT WEEK'S TOPIC: "The Federal Reserve Board: What does it do? Who belongs to it? What kind of toilets do they have?"

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The Heroine of the Louvre

International Herald Tribune

MARY BLUME

PARIS — This spring France's association of national museums, La Reunion des Musees Nationaux, has held a series of exhibitions to refute criticism that it failed to trace the original owners of works held in its collections since the Nazi occupation. Nearly 1,000 unclaimed pieces ranging from Etruscan objects to paintings by Gauguin and Delacroix have been put on display at such sites as the Louvre, the Pompidou Center, the Orsay museum and the Chateau of Versailles.

In addition a Web site was opened and as a further exculpatory gesture La Reunion des Musees Nationaux republished a *1960 book called "Le Front de l'Art"* to demonstrate French efforts to protect public and private collections from the invader. The book, long out of print, is by Rose Valland, an employee of the Jeu de Paume museum, which during the Occupation was used as a clearinghouse for stolen art works.

Valland, secretly and at great risk, noted the provenance and destination of each object and after the war spent 10 years in Germany overseeing their repatriation. A sturdy, modest woman, in 1965 she attracted a small degree of attention with the John Frankenheimer film "The Train," an overblown account of her quiet notetaking on the contents and destination of a train bearing artworks to Germany at the war's end, which enabled Resistance workers along the way to cause sufficient delays so that the war was over before the train arrived. She died in 1980, decorated not only with the Legion d'Honneur and the Resistance medal, but also the Medal of Freedom and the German Republic's Order of Merit.

"*Le Front de l'Art*" begins in 1938, when the French government was still disgracefully blind to the forthcoming war (and deaf as well: one general later set up headquarters in a chateau outside *Paris chosen simply because it had no* telephone to disturb him). The museum people were more alert and on Sept. 27 the first convoy of publicly owned art works left for the safety of the chateau of Chambord. The 29th such convoy, in October, 1939, was the most famous, bearing the Venus de Milo, the Winged Victory, the Parthenon sculptures and Michelangelo's "Slaves."

The dispersal of major artworks to safety, mostly in chateaus, had been better planned than France's brief military campaign. "To send to safety its works of art, its archives, its libraries was one of the first defense reflexes of our country," Valland wrote.

At first, the German conquerors limited their demands to works that had been previously seized by France under, say, Napoleon, or that were "Germanic" in origin or style, a vague description that

La Reunion des Musees Nationaux

Spiriting away the Winged Victory before the Nazi forces arrived.

later enabled them to take Van Eyck's Ghent alterpiece, which had been sent from Belgium to France for safety.

Later, supposedly for their own protection, all public and private owners of artworks worth more than 100,000 francs *of the day were told to declare them to the* German authorities. Works in the public collections were to be left in place for the time being but carefully inventoried by both the Germans and the French.

Even if their owners were still in France, artworks belonging to Jews were deemed abandoned property by the Germans since Jews, they said, had no legal claim to them. The first to be seized belonged to Jewish art dealers; next came the great private collections (parts of which shortly re-emerged on the Paris art market).

The Jeu de Paume museum had been chosen as the center for all transactions and records, none of which escaped Valland's secret notetaking. It was also the scene of private displays of Jewish-owned paintings set up for Hermann Goering so that he could make choices for his private collection. The first "exhibit" featured works from the collection of Baron Edouard de Rothschild, to which Goering later added works from the Seligmann and Wildenstein collections. *Their value was deliberately underes-* timated by a French expert (one Cranach was listed at 5,000 francs), a wasted nicety since Goering never paid. By 1942 Goering had also helped himself to 30 crates of art works belonging to the David Weill family.

If Goering's visits were the most flagrant, much looting was conducted on a *smaller scale. Possibly some* of the artworks now unclaimed were stolen by individuals, but almost everything passed through the Jeu de Paume, its movements tracked by Valland and her associates. "Almost everything I saw and heard ended in my notes and my memory, an important reserve from which I was able to understand their operations and projects," she wrote.

The Germans did not want everything: *examples of so-called degenerate art,* mostly modern Expressionists, were coveted solely for their monetary value on the international art market and were, for example, exchanged in Portugal against uncut diamonds that were in turn sold for currency to buy arms. Others were exchanged for more acceptable artworks through dealers in Germany, Holland, Hungary, Switzerland and France. Again, such exchanges were secretly noted by Valland and her colleagues secure in the belief that after the Liberation they would, like all pre-empted works, be restored to their rightful owners.

As the war continued, greed grew fed by Hitler's decision to build the world's finest museum in his hometown, Linz, and even indisputably French works in public museums were no longer safe. At the same time, the Germans decided to burn between 500 and 600 "useless" modern paintings (including works by Picasso, Miro, Max Ernst and Klee) in the courtyard of the Jeu de Paume, a scene Valland watched with horror. In August, 1944, with the Liberation at hand, the famous train *loaded with art left for Ger-* many, its wagon numbers and route secretly noted by Valland, and its voyage sufficiently interrupted by the Resistance so that Allied troops were able to in*tervene.*

By a happy coincidence, among the liberating officers was the son of Paul Rosenberg, one of the looted Paris gallery owners.

The re-publication of "Le Front de l'Art" by the Reunion des Musees Nationaux provides an uplifting example of what a few people did to protect the possessions of France's museums and private citizens: a well-timed PR gesture at a time when the museums are under criticism for not having done enough to trace the owners of the works shown in this spring's exhibitions and on the Web.

But the book also raises a question. Did anyone really study in detail the lists compiled at such risk by Valland and her colleagues and do a proper ownership search? And if they had, would this *spring's displays have been necessary?*

PEOPLE

Tabloid Will Fight Lawsuit Filed by Eddie Murphy

THE National Enquirer says it will fight a lawsuit brought by **Eddie Murphy**, alleging that the tabloid newspaper printed lies about his sexual tastes. The National Enquirer printed the article after Murphy was stopped by undercover police with a transsexual prostitute in his vehicle. "Mr. Murphy is attempting to rehabilitate *himself at our* expense," the tabloid said in a statement. "We intend to prove our case in open court." Murphy has also filed suit against the Globe tabloid paper for slander, libel and invasion of privacy. A third lawsuit by Murphy seeks at least $1 million for the same reasons from **Ioane Seiuli**, a relative of the prostitute who was in Murphy's car on May 2. The Enquirer's statement said the television personality **Geraldo Rivera** has taped a show to be aired later in which he interviewed a number of transsexuals who claimed to have had sex with Murphy. In addition, the Enquirer said, the radio personality **Howard Stern** recently had a transsexual on his show who described a sexual encounter with Murphy.

□

Oprah Winfrey is wondering how long her show — the highest-rated daytime talk show in television history — can continue. "It gets harder every day," Winfrey said in an interview. "When you've done it for 12 years, you've covered every topic." Winfrey said she would tape 200 more shows by next spring but beyond that, she wasn't sure.

□

The CNN celebrity interviewer **Larry King** will get married for the sixth time in December, to actress **Shawn Southwick**, according to The Washington Post. King, 64, and Southwick, 37, will have 10 marriages between them.

□

Television's "Columbo," actor **Peter Falk**, will celebrate his 25th year on the air with an anniversary movie on the ABC network. "Writing Columbos is simple if you're going to have cheap, easy, transparent clues," Falk said. "But if you attempt to be genuinely clever, that's hard."

□

One of the prosecutors in **O.J. Simpson's** double-murder trial says that Los Angeles prosecutors **Marcia Clark** and **Christopher Darden** passed steamy notes to each other during the trial that ended in Simpson's acquittal. **Rockne Harmon** made the comments to Simpson's lead defense attorney, **Johnnie Cochran Jr.**, for his Court TV show "Cochran & Company." "The point is not that they were having a relationship," Harmon said, but that "this is what they were *doing in court while the trial was* going on."

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50TH CANNES FESTIVAL

Remaking Hong Kong – in Buenos Aires

By Joan Dupont
International Herald Tribune

CANNES — "Happy Together," to be shown in competition Saturday night at the Palais des Festivals, starts out with a scene of two men making love. The place is a seedy hotel room in Buenos Aires; the men are played by the Hong Kong stars Leslie Cheung and *Tony Leung. Wong Kar-Wai, Hong* Kong's provocative pop auteur, has hit on a touchy subject on the eve of Hong Kong's return to Chinese rule.

"But to me, it is not a gay film," the director says. "It's a love story about being lonely with somebody else; being happy together could also mean being happy with yourself, with your past."

"Happy Together," has a subtitle: "A Story About Reunion."

"For the past two years, everybody has been asking me about the fate of Hong Kong, and if my next film would be about 1997. I didn't have an answer so I thought we should just walk away *and try something else. We started with* a subject we've never touched before, and we went to a place that we'd never been before — Buenos Aires, on the other side of the world. And the further I went, the more I looked back at Hong Kong, so maybe this film has something to do with 1997 after all."

Kar-Wai was aware that the festival had accepted two Chinese entries, and that Zhang Yuan's "East Palace, West *Palace,*" a film depicting the gay underworld in Beijing, raised the ire of Chinese authorities. Zhang's passport was confiscated, and pressure was brought to bear on Zhang Yimou to withdraw his comedy, "Stay Cool," from competition.

"So many gay films have been made in Hong Kong the last two years because nobody knows what's going to happen," Kar-Wai says. "But that's life; if you want to stay in Hong Kong to make films, you have to face it. No matter if the film is banned, the most important thing is believing in it. Look at Zhang Yuan — he did it, he made his film."

Kar-Wai, who has been living in Long Island, New York, says he feels that his life there is "like a holiday." But he is going back to Hong Kong — "I have a movie to shoot over the next six months; it's called "Summer in Beijing."

Born in Shanghai in 1958, Kar-Wai left with his family when he was 5, and dreams of going back to his father's house. He still speaks Mandarin.

"Happy Together," made in Cantonese, Mandarin and Spanish, is a change in pace from the director's last films, "ChungKing Express" and "Fallen Angels" — no Hong Kong fast-food kitchens, crazed motorcycles, mysterious assignations, beautiful blondes with lethal weapons, or multiple plots.

"It's my simplest film," he agrees, "maybe because there are just two characters and I didn't think of doing any tricks or turns."

Cahiers du Cinema

Wong Kar-Wai, whose "Happy Together," is a story about reunion.

The story of alienated lovers in a remote land, shot in a desolate landscape, *looks more like Antonioni's* "Eclipse" at times than groovy Kar-Wai. The colors of the film veer from black and white to saturated color.

"To me, color tells the temperature: the film starts in summer and I want that summer to be very cold, the way it is in Argentina, and black and white is very cold. Summer in Argentina is winter in Hong Kong, and night in Argentina is day in Hong Kong; they are directly opposite.

"Of course, Buenos Aires has nothing to do with this film. We were remaking Hong Kong in Buenos Aires," he adds.

The lovers have come to Argentina to start over; they dream of seeing the waterfalls together. But things go bad — dark moods, suspicions, clashes — one goes off to be a doorman in a tango bar, the other tracks him down.

"They are like all couples, *they could* be a man and a woman, but using Leslie and Tony makes it different. Leslie is the plane, he takes off and lands when he likes; Tony is the airport and decides to close down the runway. Tony wants to reunite with his past. The melancholy moment is when he thinks about home, upside-down, on the other side of the world." Their happiest times together are during an exhausted truce, after Leslie gets beaten up and Tony cares for him. "I didn't want him to feel better too fast," he says.

The actors make a striking match. Leung who plays the nostalgic lover, is known for his performance in Taiwanese director Hou Hsiao Hsien's "City of Sadness" and Vietnamese director Tran Anh Hung's "Cyclo," he has acted in three Kar-Wai films and in John Woo's "Hard Boiled." Cheung has also acted with Woo, and twice with Kar-Wai, as well as starring in Chen Kaige's "Farewell My Concubine" and "Temptress Moon."

"Tony and Leslie have been in so many films — they're so sure of themselves; I wanted to catch them off balance. Tony was thrown when he realized that there would be gay scenes and what was expected of him. He still hasn't recovered!"

After Cannes, Kar-Wai returns to Hong Kong, to face the future and shoot "Summer in Beijing."

"Now that 1997 is here, I'm not afraid. If Chen Kaige and Zhang Yimou can still make films, why should we worry?" In "Summer in Beijing," he *hopes to capture* the moment of the handover and has already shot some scenes in Beijing, but is not sure he can go back there.

"Last year, the government made new rules: if you want to make a film in China, you have to submit a script which should be identical to the completed film. I don't know how this may affect other filmmakers, but I never have a script.

"So maybe "Summer in Beijing" can take place in a restaurant called Beijing, in Macao: In 1999, Macao is going back to Chinese rule. This could make it strange, and fun," he said.